

22nd ANNUAL REPORT

2018-19



NABKISAN FINANCE LIMITED
(A Subsidiary of NABARD)

Board of Directors

Shri. Avinash C. Srivastava	Director
Shri. Satyajit Dwivedi	Director
Shri. D. Devaraj	Director
Shri. M. Arvind, IAS	Director
Shri. Arindom Datta	Independent Director
Shri. Alok Bhargava	Independent Director
Shri. Vijay Sardana	Independent Director
Shri. Ashok Kumar Yadav	Independent Director
Ms. Vijayalakshmi Das	Independent Director
Shri. T. Venkatakrishna	Managing Director & CEO

Chief Financial Officer

Dr. K.S. Mahesh

Company Secretary

Smt. M. Bhuvaneswari

Auditors

M/s. V. Senthilnathan & Co
Chartered Accountants
2nd Floor, 71/1, Sai Kripa Flats, 12th Avenue,
Ashok Nagar, Chennai 600 083

Bankers

Indian Overseas Bank, Nungambakkam Branch, Chennai 600 034.
Axis Bank Ltd., BKC Branch, Mumbai - 400 051.
HDFC Bank Ltd., Nungambakkam Branch, Chennai 600 034.

Regd. Office

Ground Floor, NABARD Tamilnadu Regional Office Building,
No.48, Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034, Tamil Nadu.
Ph. No. (044) 2827 0138, 42138700
E-mail : finance@nabkisan.org
Website : www.nabkisan.org
CIN : U65191TN1997PLC037525

Corp. Office

C/o NABARD Head Office, Ground Floor, 'D' Wing,
C-24, 'G' Block, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051.
E-mail : corporate@nabkisan.org



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Board of Directors



Shri Avinash C. Srivastava

Shri Avinash C Srivastava is currently Chief General Manager of Farm Sector Development Department of NABARD and NABARD nominee on the Board of NABKISAN. Shri Srivastava is a Post- Graduate in Sociology, BHU, Varanasi and JAIIB from Indian Institute of Banking & Finance. He has worked in various capacities in various ROs of NABARD across the country. He has worked as Officer-in-charge in Manipur and Uttarakhand.

Shri. Satyajit Dwivedi

Shri S. Dwivedi is a Chief General Manager of NABARD and is a NABARD nominee on the Board of NABKISAN Finance Limited. He is a post graduate in Science and holds a Diploma in Micro finance. He has been with NABARD since 1985. He served as Faculty Member at College of Agricultural Banking, Pune. As a Chief General Manager he heads Corporate Planning Department and worked in Risk Management, NABARD, Head Office. He also served in various capacities in the Andhra Pradesh, West Bengal and Odisha Regional Offices of NABARD.



Shri D. Devaraj

Shri. D. Devaraj holds degree of Masters in Bank Management(M.B.M.) and CAIIB. He joined Indian Bank in 1982 and was promoted to GM cadre in 2017. He has worked in various scales as Branch Head and Zonal Head spanning across India. He was General Manager of Rural Banking and Financial Inclusion Departments. During his tenure as GM(RBD/FI) Indian Bank has received various awards and accolades.

Shri. M. Arvind, IAS

M.Arvind IAS, belongs to the 2011 batch of Indian Administrative Services and is currently working in the Finance Department, Govt of Tamil Nadu. He earlier served as the Deputy Secretary, Budget for the State Govt looking into the budget preparation and management, and maintaining the cash position of the State Govt. Before joining service, he had a brief work experience with the National Dairy Development Board, Anand and Cognizant Technology Solutions, Chennai. He is a Bachelor of Engineering in Electronics and Communication from the College of Engineering, (CEG) Guindy and holds a Post Graduate Diploma in Rural Management from the Institute of Rural Management, Anand (IRMA).



Shri. Arindom Datta

Shri. Arindom Datta is currently with Rabo India Securities Pvt. Limited as its Asia Head, Sustainability Banking, Rabobank Group and Head of Rural & Development Banking / Advisory, India. He is a Bachelor of Arts (Hons) and holds Master Degree in Business Administration from Indian Institute of Management, Kozhikode. He had worked across departments in NABARD for 10 years and headed GMED (Growth oriented micro-enterprise development project) of CARE India. He is currently a member of the NABARD constituted "National Advisory Group on Produce Fund".





Shri Alok Bhargava

Shri.Alok Bhargava is a Management Consultant focusing on areas of Strategic Management, Social Inclusion and Corporate Social Responsibility (CSR). He is a Bachelor of Technology, Textile Technology from Indian Institute of Technology (IIT), New Delhi and holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Ahmedabad. He has a total 33 years of cross-functional, diverse business experience covering Management Consulting, Corporate Planning, Investment Banking, Private Equity, ICT based Education Services, and integrated Corporate Social Responsibility initiatives with over 23 years of experience in the IL&FS Group. He was also on the Board of various IL&FS Group Companies/Joint Ventures.

Shri. Vijay Sardana

Shri Vijay Sardana is the Vice-President & Head – Food Security & Agribusiness, Policies and Programs, UPL Group. He is a Member, Commodity Derivatives Advisory Committee, Securities and Exchange Board of India (SEBI). He also served as Executive Director of Centre for International Trade in Agriculture and Agrobased Industries (CITA). He is the Chairman, ASSOCHAM All India Committee on Direct Selling and a member in several committees. He is associated with World Economic Forum, Geneva / New York, World Business Council for Sustainable Development (WBCSD), Geneva, Initiative for Global Development (IGD), Washington, International Food Policy Research Institute (IFPRI), Washington, Grow Africa, Grow Asia etc. and has visited more than 30 countries for various assignments.



Shri Ashok Kumar Yadav

Shri Ashok Kumar Yadav, IAS (Retd) during his 33 years of career, headed several organisations including as Managing Director of Haryana Cooperative Supply and Marketing Federation, Haryana Seeds Development Corporation, Cooperative Sugar Mills, Rohtak and Chairman, Director General-cum-Secretary to Govt., Haryana, Social Justice & Empowerment Department. He was on the Board of Indian Potash Limited, IFFCO, NCML etc.

Ms. Vijayalakshmi Das

Ms.Vijayalakshmi Das is the CEO of Friends of Women's World Banking, India. She holds Post Graduate Degree in Economics from University of Madras and Regional Planning from School of Planning, Ahmedabad. She is Member of Standing Committee on Gender Issues in Credit & Support services (set up by NABARD), Project Advisory Group, CGAP, World Bank, Task Force on Microfinance set up by PM's office and by RBI, Consultative Group on Micro Insurance set up by MOF, Governing Board, MCRIL, a credit rating agency for micro finance sector, Governing Body of SIDBI Foundation for Micro Credit and Board of Directors, Sa-dhan. She is also on the Board of Light Micro Finance Pvt. Ltd., MSM Microfinance Ltd., Nanaya Surabhi Affordable Housing Finance Ltd. and Promoter Director of Ananya Finance for Inclusive Growth Pvt. Ltd.



Shri. T. Venkatakrishna - MD & CEO

Shri T. Venkatakrishna is a General Manager of NABARD, currently placed with NABKISAN. He holds a Post Graduate degree in Commerce and is a Certified Associate of Indian Institute of Bankers. He has 30 years of experience in credit planning and treasury operations in NABARD. Prior to joining NABKISAN he had a three year stint as a Chief Dealer in the Finance Department of NABARD. He has worked in Gujarat, Karnataka and Tamilnadu Regional Offices of NABARD.

Management Team

Dr. K. S. Mahesh - Chief Financial Officer

Dr. K.S. Mahesh is a Deputy General Manager of NABARD, currently placed with NABKISAN. He has a Doctorate in Horticulture from Indian Agricultural Research Institute, New Delhi and is a Certified Associate of Indian Institute of Bankers. He has 22 years of experience in appraisal of agricultural and rural development projects, credit planning, project finance, monitoring and evaluation. Prior to joining NABKISAN, he had a four year stint with NABARD Consultancy Services where he had handled more than 30 consultancy assignments including two International Assignments.



Shri. Sheetashu Shekhar - Chief Operating Officer

Shri Sheetanshu Shekhar is a Deputy General Manager of NABARD currently placed with NABKISAN. He is a graduate in Economics from Delhi University with Post Graduation in Rural Development. He has 20 years of experience in appraisal of rural infrastructure projects, project financing, micro credit, credit planning and FPO financing. Prior to joining NABKISAN he was serving as the District Development Manager of Munger, Bihar.

Smt. M. Bhuvaneshwari - Company Secretary

Smt. M. Bhuvaneshwari is the Company Secretary of NABKISAN for the last nine years. She has 17 years of experience in various Secretarial activities of companies including compliances related to Registrar of Companies and Reserve Bank of India. She holds a degree in commerce and she is an Associate Member of the Institute of Company Secretaries of India since 2001.



Shri. Rakesh Pangat - Vice President (Credit)

Shri Rakesh Pangat is an Assistant General Manager of NABARD currently placed with NABKISAN. He is graduate in Chemistry from Mumbai University and CAIIB from Indian Institute of Banking & Finance. He has 18 years of experience in HR, Finance and Accounts and FPO financing. Prior to joining NABKISAN he was serving as the District Development Manager of Ahmednagar, Maharashtra.



Name of the FPO - Sri Kshemalingaeshwara Agro Producers Company Limited

Location

Kalburgi (District),
Karnataka
Established in: 2016

NKFL Loan

Rs. **27** Lakh

Purpose

Input supply (Fertilizer, tarpaulins pesticides) and procurement and sales of Soybean and red gram

Promoted By : Mysore Resettlement and Development Agency (MYRADA)

Activities undertaken:

- Providing necessary agriculture inputs and extension services to the members and non-members at fair prices
- Aggregation of commodities (Red gram) for its 917 shareholders from 18 villages enabling farmers to get better prices for their produce
- Custom hiring services to address the machinery needs and soil testing services to the member farmers
- The company started a Rural Mart in April 2019, a franchise outlet of Karnataka Milk federation “Nandini” – for marketing of milk and milk products.



Name of the FPO - Samarth Kisan Producer Company Ltd.

Location

Agar Malwa (District),
Madhya Pradesh

NKFL Loan

Rs. **100** Lakh

Purpose

commodity trading, Agri-input trading and Seed production.

Members/ shareholder: 2916

Promoted By : District Poverty Initiatives Project Funded by World Bank

Activities undertaken:

- Seed processing, certification and sales by developing a seed brand called as “Samarth Beej” enabling the farmers in Malwa and Nimad regions of Madhya Pradesh to have good quality seeds at fair values
- This has helped in income enhancement of farmers who are now wheat and soyabean seeds producer
- FPO has been availing WHR financing with the support of Yes Bank.
- FPO has also started “Kisan Bazaar” a one stop shop to meet all agri-input requirement of the farmers.



Name of the FPO - **Krushidhan Producer Company Limited, Gujarat**

Location

Ahmedabad, Visnagar, Modasa, Himmatnagar, Meghraj and Dhari

NKFL Loan

Rs. **15** Lakh

Members/ shareholder: 4409

Purpose

commodity trading, Agri-input trading and Seed production

Promoted By : Development Support Center (DSC)

Activities undertaken:

- Seeds of Cotton, Wheat, Sorghum, Lucerne, Groundnuts are sold to members at fair prices
- Farmers are inspired to cultivate organic agriculture in 1800 hectares fetching them higher prices for their produce
- Organic fertilizers and Organic pesticides were produced and sold by shareholders
- FPO has also set up a cattle feed unit helping member farmers in getting more milk production, higher milk fat and consequently increased income.
- Also aggregating and selling mangoes produced by the members



Name of the FPO - **Aadhimalai Pazhangudiyinar Producer Company Ltd**

Location

The Nilgiris, (District), Tamil Nadu

NKFL Loan

1st Loan	2nd Loan	3rd Loan
Rs. 10 Lakh July 2017	Rs. 15 Lakh June 2018	Rs. 15 Lakh Dec 2018

Members/ shareholder: 1609

Purpose

Procurement of Coffee, Forest Amla, Shikakai, Poochakai

Promoted By : Keystone Foundation

Activities undertaken:

- Aadhimalai procures both forest produce like honey, beeswax, wild amla, shikakai and soap nuts and farm produce of tribal farmers from Nilgiris, Erode & Coimbatore districts viz., coffee, pepper, silk cotton and millets.
- Processing and value addition of products with the help of tribal women
- Marketing of value added goods and raw produce. Last Forest Enterprises is a marketing partner for Aadhimalai. Aadhimalai products are also sold through retail outlets which are called Honey Huts and through small retailers in different parts of India. Training members on sustainable harvesting and organic agriculture



SUCCESS STORIES



Name of the FPO - **Indian Organic Farmers Producer Company Limited (IOFPCL)**

Location	NKFL Loan		Purpose
Ernakulam (District), Kerala	1st Loan	2nd Loan	Procurement of wet cocoa beans from farmers for processing and marketing
	Rs. 25 Lakh	Rs. 45 Lakh	
Members/ shareholder: 2088			

Activities undertaken:

- Procuring wet cocoa beans from Idukki farmers, processing in sub contracted units and export to Switzerland.
- Procuring coconut from shareholders at Kannur, Wayanad & Palakkad and processing in subcontracted unit for coconut oil and export to France.
- Selling raw coconut to Sunbio Naturals India Pvt Ltd, Chennai, a leading exporter, manufacturer & supplier of virgin coconut oil, neem oil from Chennai, Tamil Nadu, India
- Procuring coffee beans from Wayanad farmers, process in subcontracted unit and export to Germany. Part of coffee beans is for domestic sale.



SUCCESS STORIES



Name of the FPO - Savitribai Phule Goat Farming Producer Company Ltd

Location

Dodi (bk) village,
Sinnar Taluka,
District Nashik,
Maharashtra

NKFL Loan

Rs. **55** Lakh

Members/ shareholder: 1041

Purpose

Goat Milk and Value added products

Promoted By : Yuva Mitra

Activities undertaken:

- Production of Pasteurized and Chilled and sterilised Goat Milk and its value added by-products, Goat Milk Collection and Marketing.
- Preparation and selling of vermi compost and vermiwash



Name of the FPO - Vinoo Producer Company Limited

Location

Vizianagaram district
of Andhra Pradesh

NKFL Loan

Rs. **20** Lakh
sanctioned on 14th Feb. 2019

Members/ shareholder: 500

Purpose

Trading of millets, preparation of bio-fertilizers, pesticides and processing of Non-Timber Forest Produce (NTFP) like tamarind

Promoted By : Association for Active Service in Rural Areas (AASRA)

Activities undertaken:

- Automated processing machines for tamarind
- Making tamarind cakes in different sizes based on needs varying from 5kg to 10kg packs



Management Discussion and Analysis

Introduction

The financial year 2018-19 was significant to the company as it has reached assets size of Rs.500 crore during August 2018 to be categorised as Systemically Important (ND-SI) NBFC. The company had registered a growth of 58% in the loan portfolio during the year, continuing the healthy growth in the portfolio as attained in the preceding financial year. This growth is significant considering the fact that the business model or processes have not undergone any major change while there is also increased retail lending to the focus areas viz., Producer Companies. NABKISAN is able to extend services across 20 States/UT now.

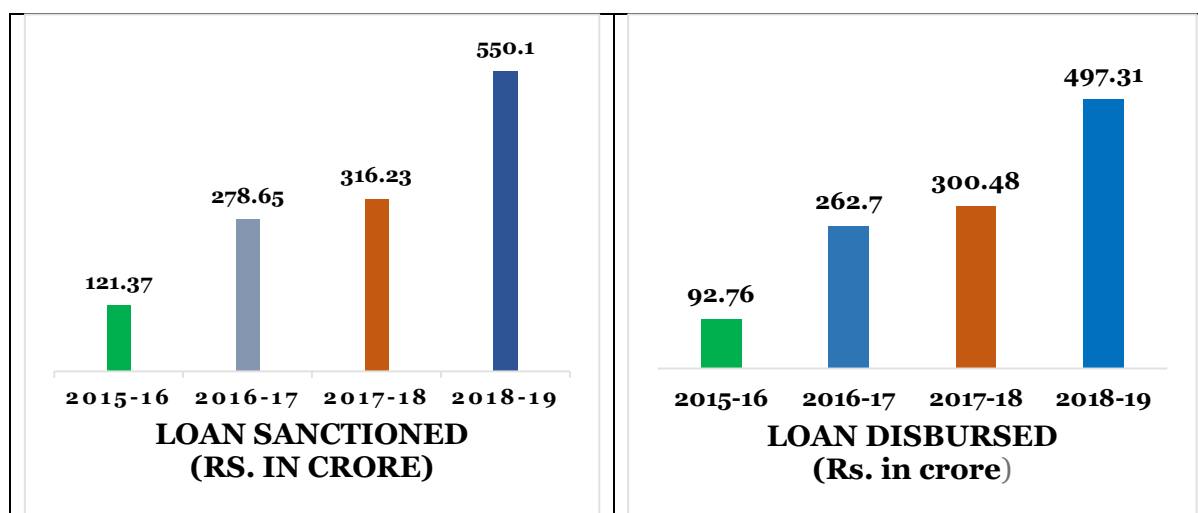
Operational Highlights

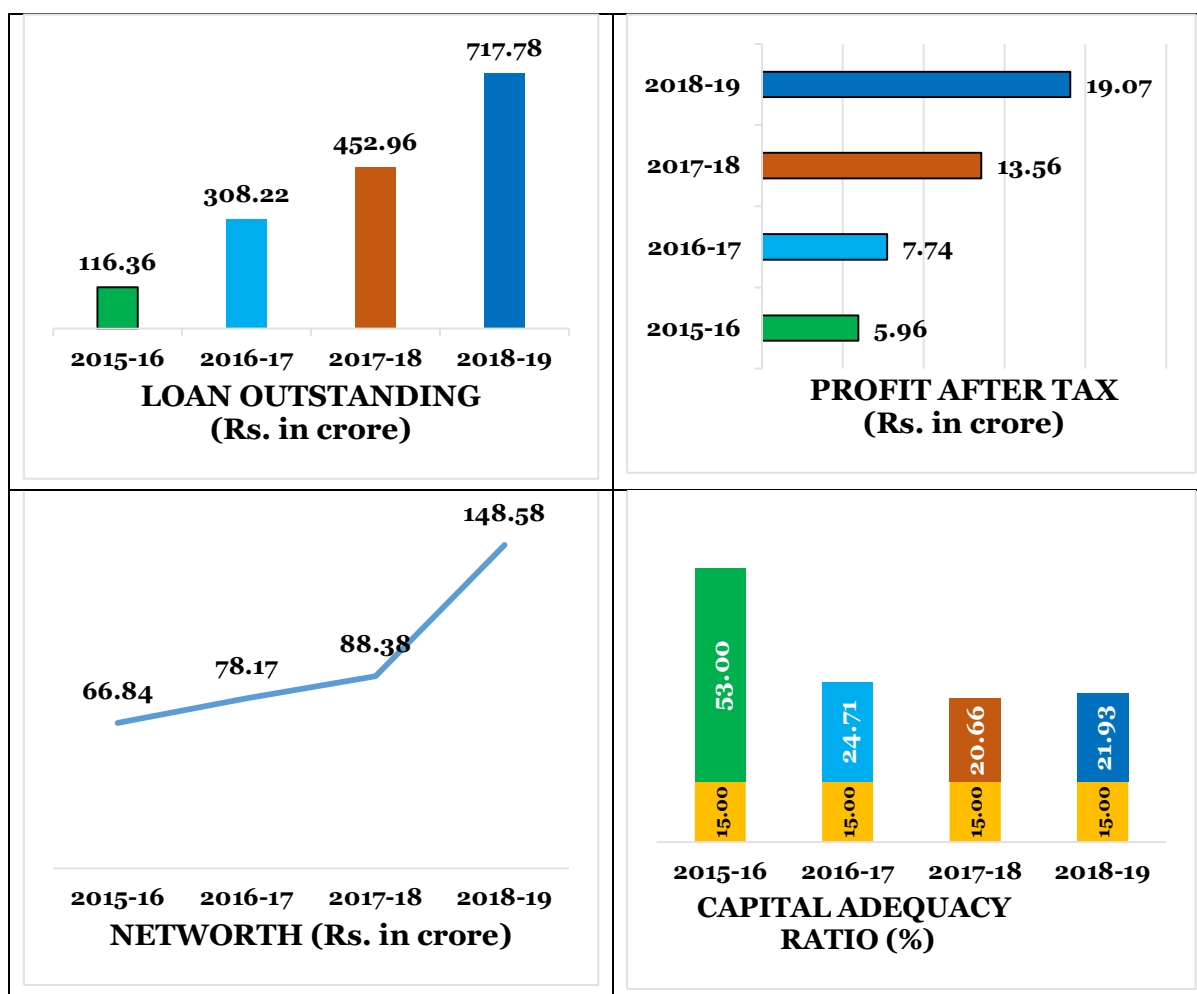
Some of the operational highlights of the company during financial year 2018-19 are as under:

- The Profit before Tax (PBT) for the year ended 31 March 2018 rose from Rs.1928.49 lakh to Rs.2759.54 lakh, a growth of 43 %.
- The Profit after Tax (PAT) showed sustained growth over the last few years with the figure touching Rs.1907.25 lakh during 2018-19 as against Rs.1356.30 lakh during 2017-18, registering a growth of 40 %.
- The revenue from operations grew by 38 % from Rs.4647.77 lakh as on 31.03.2018 to Rs.6418.12 lakh as on 31.03.2019.
- The total assets of the company reached Rs.73370.36 lakh as on 31.03.2019 from Rs.47340.50 lakh as on 31.03.2018 registering 55 % growth.

The following are some of the operational highlights of the company during the last five years:
(Rs. in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
States covered	2	6	11	15	20
Loan sanctioned	49.92	121.37	278.65	316.23	550.10
Loan disbursed	51.33	92.76	262.70	300.48	497.31
Loan outstanding	67.02	116.36	308.22	452.96	717.78
Profit after Tax	2.73	5.96	7.74	13.56	19.07
Networth	28.35	66.84	78.17	88.38	148.58
CRAR	39.54	53.00	24.71	20.66	21.93





Outreach

Projects were sanctioned for the first time in Chattisgarh, Odisha, Punjab, Uttar Pradesh and West Bengal during the year. With this, the direct outreach of the company has extended to 20 states/UTs of the country viz., Andhra Pradesh, Assam, Bihar, Chattisgarh, Delhi, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamilnadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal.

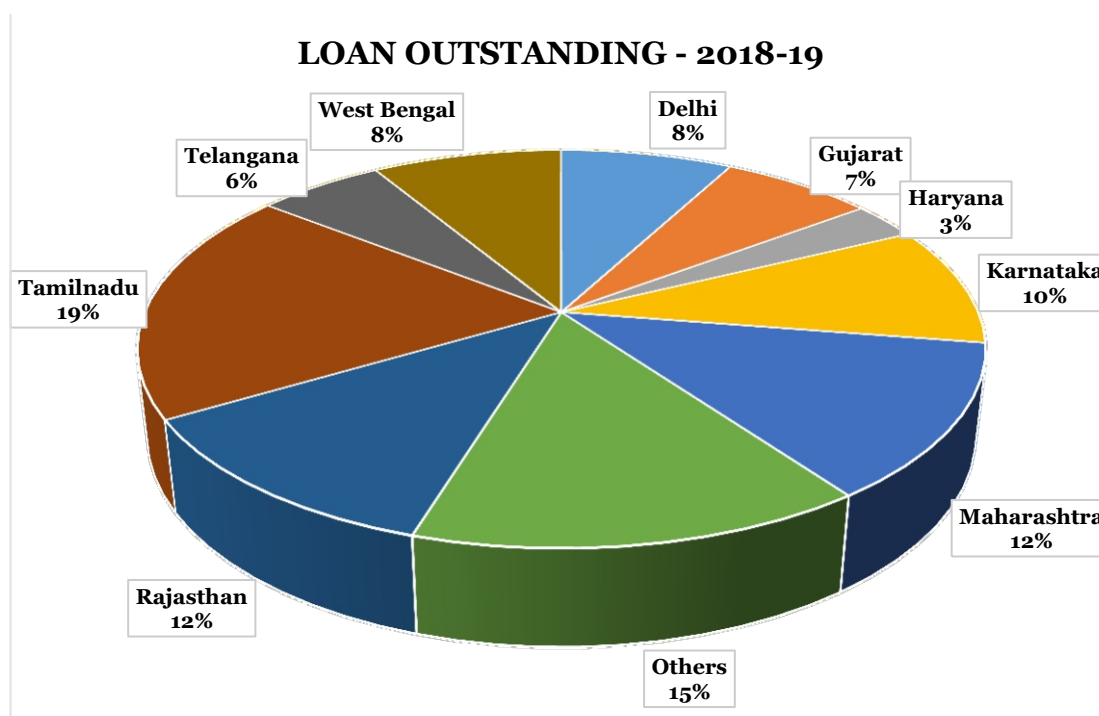
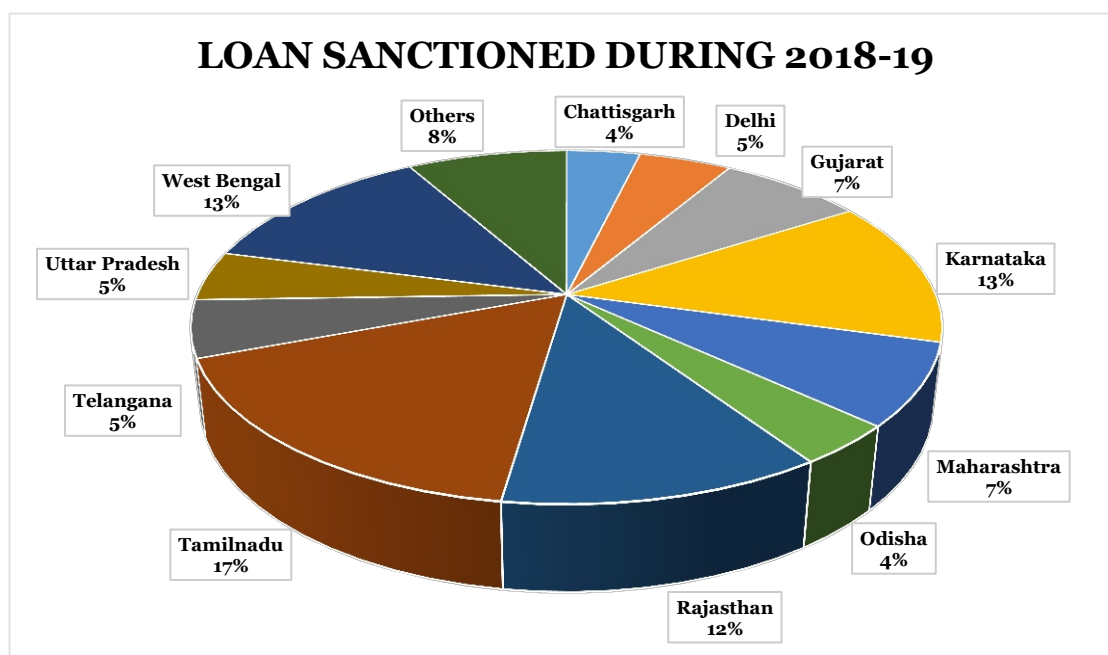
State-wise business portfolio

The State-wise business portfolio in terms of loan sanctioned and loan disbursed during FY '19 and loan outstanding as on 31.3.2019, are given below:

Sl.No.	State	Loan sanctioned (Rs. in lakh)	Loan disbursed (Rs. in lakh)	Loan outstanding (Rs. in lakh)
1	Andhra Pradesh	220.74	275.14	216.17
2	Assam	38.94	0.00	79.97
3	Bihar	100.00	100.00	100.98
4	Chattisgarh	2075.00	2075.00	1909.34
5	Delhi	2620.00	2620.00	5609.75
6	Gujarat	4096.00	3405.00	4982.01
7	Haryana	576.00	26.00	2156.20
8	Jharkhand	1500.00	1500.00	1416.35
9	Karnataka	7326.13	5238.88	6975.49
10	Kerala	65.00	20.00	1110.23



11	Madhya Pradesh	510.15	220.32	174.92
12	Maharashtra	4135.97	4007.50	9025.30
13	Odisha	2059.00	2000.00	1999.99
14	Punjab	1500.00	1500.00	1510.73
15	Rajasthan	6470.00	6470.00	8431.30
16	Tamilnadu	9325.70	8272.44	13721.95
17	Telangana	2876.00	2801.00	4122.98
18	Uttar Pradesh	2500.00	2200.00	2034.26
19	Uttarakhand	15.00	0.00	0.00
20	West Bengal	7000.00	7000.00	6200.41
	Total	55009.63	49731.28	71778.34



Sector wise portfolio

Sector	Sanctions	Disbursements	Outstanding
Activity based lending through NGOs/Trusts/Sec8 Companies/Individuals	3603.78	3438.78	5747.48
Panchayat Level Federations	0.00	0.00	513.80
Producer Organisations	6472.76	4950.00	7165.36
Micro Finance Institutions	19512.00	18637.00	23205.47
NBFCs	25150.00	22630.00	35076.57
Primary Agricultural Cooperative Credit Societies	271.44	75.50	69.66
Total	55009.98	49731.28	71778.34

New clients & Diversification of Business

During the year, one Off-Farm Producer Company was extended financial assistance by NABKISAN. Further, entities involved in collateral management and warehouse receipt financing, educational institutions, housing, vehicle financing were supported during the year as a Diversification Strategy. Chairman and other Board of Directors met the NBFC and other Corporate clients with a view to strengthen existing relationships and also to identify potential corporate clients. During the year 24 new clients were added under the bulk lending portfolio.

Initiatives for supporting Producer Companies

The company emerged as one of the leading financial institution in terms of funding Producer Companies (PCs) with a coverage of 275 PCs directly and another 225 PCs on onlending model. During the year, many Producer Companies in Maharashtra, Gujarat and Madhya Pradesh were financially supported for procurement and trading on NCDEX platform.

NABKISAN, apart from extending financial assistance, has been taking various initiatives for supporting farmer producer companies through policy advocacy, awareness creation, capacity building, etc. Some of these developmental activities taken up during the year are as under:

- Chairman, NABKISAN had a meeting with the Hon'ble Chief Minister of Tamilnadu on constitution of credit guarantee fund for financing FPOs and Preparation of action plan by individual department for strengthening FPOs.
- Chairman, NABKISAN had a meeting with Agriculture Production Commissioner, Government of Tamilnadu for discussing on the schemes which can be supported by the Government for promotion of FPOs in the State. Based on the discussions, the Department of Agricultural Marketing and Agri Business, Government of Tamilnadu had prepared a proposal for support of FPOs in the State of Tamilnadu and it is being firmed-up.
- NABKISAN signed a Memorandum of Understanding on Creation of Credit Guarantee Fund (CGF) for Collateral free loan facilities to Farmers' Producer Organisations of Odisha in the presence of Hon'ble Chief Minister of Odisha on 26th February 2019.
- NABKISAN entered into agreement with National Schedule Tribe Finance Development Corporation (NSTFDC) whereby tribal dominated FPOs will get concessional finance.
- National workshop on FPOs was held at Vaikuntabhai Mehta Institute, Pune on 20 September which was partly sponsored by NABKISAN out of CSR funds. The workshop



was inaugurated by Hon'ble Minister for State for Finance, GOI. A panel discussion on FPOs financing was held as part of workshop and the session was chaired by Shri Ramesh Chand, Member, Niti Ayog. COO represented NABKISAN as panel member and apprised the delegates about simple and collateral free loans provided by NABKISAN.

- An agreement entered with National e-Market Limited (NeML) wherein NABKISAN can act as Repository Participant for enabling FPOs to take contracts on the platform.
- NABKISAN facilitated Buyers Sellers Meet along with NABARD, Maharashtra RO, Grant Thornton, Consultant and BAIF. Around 30 FPO representatives and 8 buyers attended the meet. Similar such meets were held in collaboration with regional offices of NABARD in Ahmedabad, Chennai and Bhopal during January and February 2019, wherein, several FPCs were linked with prospective buyers.
- Business Development Manager, Gujarat sensitised on loan policy of Nabkisan for FPOs during Training program on Business Planning for CEO's of FPO organized by BIRD & NABARD, Gujarat RO at Dena Bank RSETI, Himmatnagar, Gujarat and BDM, Karnataka guided the FPOs during the meeting organised for horticulture FPOs by GIZ in Bengaluru

Workshops & Meetings

- MD participated at a meeting organised by the Agriculture & Farmers' Empowerment Department, Govt. of Odisha wherein NBFCs were also invited to discuss financial inclusion of landless farmers.
- MD participated in Agri Vikas 2018 Conclave organised by CCS NIAM and inaugurated by Hon'ble Central Minister for P&NG and SDE. MD participated as a key note speaker and also chaired the session on "Financing and Credit Linkages"
- MD participated in the panel discussion on FPO financing held on the occasion of the 37th Foundation Day of NABARD.
- MD participated in the National Level Workshop on Farmer Producer Organisations as Risk Mitigation Institutions for Small and Marginal Farmers in India organised by Department of Horticulture- Government of Karnataka and GIZ.
- MD and COO participated in the meetings organised by Punjab and Haryana ROs of NABARD, for FPOs, POPIs and Bankers.
- MD participated in a meeting with POPIs and FPOs organised by NABARD in Karnataka and Uttar Pradesh.
- MD and COO held a client meeting with NBFCs and MFIs at New Delhi where financing to FPOs by NBFCs was also discussed. The opportunity was utilised to share FPO lending experience to NBFC/ MFI Clients.
- A meeting was held with Maharashtra Co-operative Development Corporation (MCDC) followed by a presentation on NABKISAN products by COO to their Board held at Mantralaya chaired by the Hon'ble Minister, Co-operation, Government of Maharashtra.
- COO attended a brainstorming session on various issues pertaining to FPOs organised by Horticulture Department of Haryana Government which was presided by ACS, Agriculture.
- COO apprised SFBs, NKFL loan portfolio with emphasis on FPOs and indicated business partnerships with SFBs on joint lending to FPOs.
- CFO participated as a panelist in the 4th MiNE INDIA 2018 - Microfinance & NBFCs Exhibition cum Conference held on 10th August at Chennai.
- AGM participated as a panelist on issues to avail finance by FPOs during the workshop on "Contemporary Issues Related to FPOs" organised by FWWB.



Technology initiatives

During the year, the company improved upon its existing operations by adding several features to the loan management and accounting software.

Human Resources

Business Development Managers were appointed in West Bengal, Telangana, Gujarat, Maharashtra and Madhya Pradesh to take care of the business needs of Farmer Producer Organisations in these states. IT Officer was recruited at Chennai for taking care of all IT Operations of the company. HR policy has been prepared and staff recruitments are being undertaken in line with the business and HR plan.

Corporate Governance

The Board consists of 11 Directors as on 31 March 2019 including four Directors from NABARD, two nominee Directors, two Independent Directors and three Additional Directors. All the Directors of the Board are highly experienced in their areas of specialisation whose knowledge, experience and guidance are valuable to the Company. Necessary disclosures have been obtained from all the Directors regarding their Directorship in other companies and have been taken on record by the Board.

The Board met nine times during the financial year 2018-19. The Board of Directors had met with the gap not exceeding one hundred twenty days between two meetings, as per the provisions of the Companies Act, 2013. Company has a Board comprising five Independent Directors. The details of Board and Committee Meetings during the financial year 2018-19 are as under:

Board/Committee Meetings	No. of meetings held during 2018-19
Board Meetings	09
Loan Committee	02
Investment Committee	02
Audit Committee Meeting	02
Corporate Social Responsibility Committee	02
Nomination and Remuneration Committee	01
Risk Management Committee	01
IT Strategy Committee	01
Independent Directors Meeting	01

Way Forward for 2019-20

To support the higher levels of business and also maintain capital adequacy, the company expects equity infusion from the existing share holders through a rights issue followed by raising fresh equity from impact/private investors and also other State Governments.

While consolidating the focus of financing Farmer Producer Companies in the states where the company is currently operating, the company will also be exploring new geographies during the year ahead. The Company has approved Human Resource plan and is recruiting Business Development Managers, strengthening risk management and credit departments in line with business plan.

The company in addition to the existing debt instruments will be looking at new instruments like Equity, Quasi Equity Funding, Compulsorily Convertible Preference Shares, Non-Convertible Debentures, Sub-ordinated debt etc. for its clients.





Handing over Dividend cheque to Chairman, NABARD



Annual General Meeting



NABKISAN FINANCE LIMITED
Regd. Office: Ground Floor, NABARD TNRO Building,
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of the company will be held at 04.00 p.m. on Monday, the 23rd day of September 2019 at the Conference Hall of NABARD, Tamil Nadu Regional Office (2nd Floor), No. 48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034 to transact the following business:

Ordinary Business

1. To consider passing, with or without modification, the following Ordinary Resolution:

“RESOLVED THAT the audited financial statements of the Company including the Balance Sheet as at March 31, 2019, the statement of profit and loss, the cash flow statement for the year ended on that date and the reports of the Board of Directors and Auditors thereon be and are hereby adopted.”

2. To consider and if thought fit to pass, with or without modification, the following Ordinary Resolution:

“RESOLVED THAT the dividend for the year ended 31st March 2019 at the rate of Rs.0.50 per Equity Share (5% on the face value of Rs.10/- per share) on the amount paid up on the equity capital of the company, in proportion to the period of holding, as recommended by the Board of Directors be and is hereby declared.”

3. To consider and if thought fit to pass, with or without modification, the following Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139 (5) and other applicable provisions, if any, of the Companies Act, 2013, the appointment of Statutory Auditors of the company for the year 2019-2020 as proposed by the Comptroller and Auditor General of India (CAG), New Delhi be and is hereby approved, on such remuneration as may be fixed by the Board of Directors of the Company and further resolved that the aforesaid Auditors appointed by the CAG under Section 139 (5) of the Companies Act, 2013 shall hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company”.

4. To re-appoint Shri.M.Arvind, IAS, Director, who retires by rotation and if thought fit to pass, with or without modification, the following Ordinary Resolution:

“RESOLVED that pursuant to Section 152 (6) and other applicable provisions if any of the Companies Act, 2013, Shri.M.Arvind, IAS, Director who retires by rotation be and is hereby re-appointed as Director of the company”.



Special Business:

5. Appointment of Shri. Deepak Singhal as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT Shri. Deepak Singhal (DIN: 08375146), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19/08/2019 under Section 161(1) of the Companies Act, 2013 (“the Act”) and The Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose the candidature of Shri. Deepak Singhal for the office of Director be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Act, The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Shri. Deepak Singhal (DIN: 08375146), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of three years with effect from 23/09/2019.”

For and on behalf of the Board
For NABKISAN Finance Ltd

Place: Mumbai
Date: 19 August 2019

Sd/-
T.Venkatakrishna
Managing Director



Notes:

1. The members are requested to inform change of address, if any, to the company.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate Members are requested to send a duly verified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
4. Shareholders desirous of seeking any clarification on the business to be transacted at the 22nd Annual General Meeting are requested to forward their queries to the Registered Office of the company, at least 10 days before the date of the meeting.
5. The Register of Members and Share Transfer Books of the Company will be closed from 16th September, 2019 to 22nd September, 2019 (both days inclusive) for the purpose of Annual General Meeting and dividend for Financial Year 2018-19.
6. If dividend on Ordinary Shares as recommended by the Board of Directors is approved at the meeting, payment of such dividends will be made to those members whose names are on the Company's Register of Members as on 15th September 2019. Shareholders are requested to provide Bank details to facilitate payment of dividend, etc., either in electronic mode or for printing on the payment instruments.
7. Members are requested to bring their copies of Annual Report for the meeting.
8. Members / Proxies are requested to bring the Attendance Slip sent with the Annual Report duly filled in for attending the meeting.

For and on behalf of the Board
For NABKISAN Finance Ltd

Place: Mumbai
Date: 19 August 2019

Sd/-
T.Venkatakrishna
Managing Director



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5

The company had inducted three Independent Directors on the Board as required under Section 149 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014. As per Section 149 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, Public Companies having paid up share capital of ten crore rupees or more shall have at least two directors as independent directors.

Earlier Shri Pravesh Sharma was one among the Independent Directors along with Shri Ashis Mondal and Shri Sunil Pote. Shri Pravesh Sharma resigned voluntarily and it was accepted in the 119th Board Meeting held on 30 August 2017.

Taking into account the thrust NABKISAN proposes to have for financing of FPOs, NBFC and entities to pursue lending opportunities in agriculture sector, Shri Ashok Kumar Yadav, IAS Retd. and Shri Vijay Sardana, Sector Expert were appointed as Additional Directors by the Board w.e.f. 25.01.2018 and subsequently appointed as Independent Directors for a term of three years at the Extra-Ordinary General Meeting of the shareholders held on 29.06.2018.

Subsequently, Shri.Alok Bhargava, Ms.Vijayalakshmi Das and Shri.Arindom Datta were appointed as Additional Directors by the Board w.e.f. 25.01.2019, 25.01.2019 & 18.02.2019 respectively and later appointed as Independent Directors for a term of three years at the Extra-Ordinary General Meeting of the shareholders held on 29.05.2019.

Shri.Deepak Singhal was appointed as Additional Director by the Board w.e.f. 19.08.2019. The company has received notice in writing from NABARD, a member under Section 160 of the Act signifying his intention to propose the candidature of Shri.Deepak Singhal for the office of Director.

Shri.Deepak Singhal, non-executive director of the Company, has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act.

In the opinion of the Board, the Director fulfills the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Shri.Deepak Singhal as Independent Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Except Shri.Deepak Singhal, being the appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out in item no.5.



A brief profile of the Independent Director to be appointed is given below:

Name	Shri. Deepak Singhal
Date of Birth	21st January 1959
Age	60 years
Educational Qualification	<p>Bachelor's Degree from the Allahabad University (1977)</p> <p>Master's Degree in Business Administration from the Allahabad University (1979)</p> <p>Others:</p> <p>Certified Associate of the Indian Institute of Bankers (1986)</p> <p>Post Graduate Programme in Rural Management from Jaipur (1993)</p>
Past Employment	<p>Was Executive Director at the Reserve Bank of India (RBI) from November 2015 to January 2019. Handled responsibilities of following areas:</p> <ul style="list-style-type: none"> Human Resource Management Information Technology Corporate Strategy and Budgeting Corporate Services Member of the HRM sub-committee of the RBI Board. <p>Central Banker with over three decades of experience and a record of successful delivery through a range of challenging and diverse assignments</p> <p>As Regional Director, headed the crucial New Delhi Office of the Bank for over two years (2013-2015). Also headed the Navi Mumbai Office for two years (2003-2005).</p> <p>As Chief General Manager at the Central Office headed key functions of Banking Regulation, Human Resource Management and Infrastructure (Premises).</p> <p>Represented RBI on the Standards Implementation Group of the Basel Committee on Banking Supervision.</p> <p>Diverse experience and international exposure ranging from Regulation and Supervision to Human Resource Management and Financial Inclusion and Development.</p>
Present Employment	Currently on the Board of IDBI Bank as Independent Director (DIN: 08375146)
Career Profile	<ul style="list-style-type: none"> i. Executive Director (Since 2015) ii. Regional Director for Delhi (from March 2013 to October 2015) iii. Head of the Department of Banking Operations and Development (March 2011 to March 2013) iv. Head of Human Resource Development Department (from March 2007 to Mar 2011) v. Head of Premises Department (from December 2005 to March 2007) vi. General Manager / Chief General Manager and Head of Office, RBI, Navi Mumbai (from December 2003 to December 2005)



	<p>vii. General Manager / Vice-Principal , College of Agricultural Banking, Pune (from December 2001 to December 2003)</p> <p>viii. Deputy General Manager / Asst. General Manager, Head of Regional Offices of Department of Banking Supervision and Departments of Non-Banking Supervision at Lucknow and Jaipur (From 1991 to 2001)</p> <p>ix. Manager at Mumbai and Lucknow Offices working in the Banking Departments and Rural Planning and Credit Department (from 1982 to 1991)</p>
Key Achievements	<p>i. Was responsible for issue of detailed guidelines on implementation of Basel III and for assessment of additional capital requirements for Indian banks to meet Basel III minimum ratio till March 2018.</p> <p>ii. Was instrumental in introducing modern HR practices in the RBI like 360 degree feedback, HR audit, satisfaction survey, development centre, campus recruitment etc.</p> <p>iii. Piloted the Bank's yearlong Platinum Jubilee celebrations through a series of learning, celebratory and outreach events during April 2009 – March 2010.</p> <p>iv. Was member secretary to committees (headed by Dr. Bimal Jalan, Dr. YV Reddy, Shri AK Ganguly and KV Kamath) that contributed to Human Resource Development in the Banking Industry through institutes like IGIDR, NIBM and CAFRAL.</p> <p>v. Spearheaded investigation into a major fraud at the Bank of Rajasthan leading to action by Directorate of Enforcement resulting in imprisonment of Executives of that Bank.</p> <p>vi. Executed amalgamation of Bareilly Corporation Bank and Benares State Bank with Bank of Baroda.</p>
International Exposure	<p>Trainings</p> <p>i. Michigan Ross Executive Leadership Programme, Ross School of Business, University of Michigan, USA (May 1st to 27th , 2011)</p> <p>ii. Cambridge Advanced Management Programme, St. Catharine's College, Cambridge, UK (August 2nd to 14th, 2009)</p> <p>iii. Central Banking Seminar, Federal Reserve Bank of New York (October 11th to 19th, 2007)</p> <p>Others</p> <p>iv. Financial Action Task Force, Plenary and Working Group meetings at Paris (October, 2011)</p> <p>v. Represented RBI at the BIS Standards Implementation Group meetings, Basel, Ottawa, Rome and Singapore (2012)</p>
Trainings Undergone	<p>Have undergone extensive training on various aspects of Central Banking and the broader spectrum of national and international economy at the RBI's training colleges and reputed external institutions like the IIMs.</p>

For and on behalf of the Board
For NABKISAN Finance Ltd

Place: Mumbai
Date: 19 August 2019

Sd/-
T.Venkatakrishna
Managing Director



DIRECTORS' REPORT TO THE SHAREHOLDERS

It is the privilege of the Directors to present the 22nd Annual Report on the business and operations of the company together with the Audited Financial Statements for the year ended March 31, 2019. It gives us immense pleasure to inform that the company has registered improved business performance during the year and has surpassed the targets set for the year under review.

FINANCIAL HIGHLIGHTS

Our Company's performance during the financial year 2018-19 is summarized below:

(Rs. lakh)

Particulars	2017-18	2018-19	Growth %
Gross Income	4699.50	6585.81	40
Profit before tax	1928.49	2759.54	43
Profit after tax (before exceptional items)	1356.30	1907.25	41
Profit after tax	1356.30	1907.25	41

OPERATIONAL HIGHLIGHTS

- Profit before tax has risen by 43% to Rs.27.60 cr from Rs.19.28 cr during 2017-18.
- Profit after tax has risen by 41% to Rs.19.07 cr from Rs.13.56 cr during 2017-18.
- The total assets of the company increased from Rs.473.41 crore as on 31.03.2018 to Rs.733.70 crore as on 31.03.2019.
- Loan outstanding increased to Rs.717.78 cr (Rs.452.95 cr during 2017-18), registering a robust growth of 58%.
- The position of borrowings as on 31.03.2019 stands at Rs.564.06 crore as against Rs. 371.34 crore as on 31.03.2018.
- Revenue from operations jumped from Rs.46.48 crore as on 31.03.2018 to Rs.64.18 crore as on 31.03.2019, showing a rise of 38%.
- Sanctions and disbursements recorded significant growth of 74% and 66% respectively as sanctions aggregated Rs.550.10 cr (Rs.316.23 cr) and disbursements Rs.497.31 cr (Rs.300.48 cr).
- Owned funds increased to Rs.148.58 cr (Rs.88.38 cr) indicating a growth of 68%.

CAPITAL STRUCTURE

Change in the capital structure of the company during the year

The paid-up share capital of the company has increased from Rs.57,72,43,500/- divided into 5,77,24,350 equity shares of Rs.10/- each to Rs.86,85,44,500/- divided into 8,68,54,450 equity shares of Rs.10/- each.



Issue of Shares

During the year, the company has issued and allotted 2,91,30,100 equity shares of Rs.10/- each at the book value of Rs.15.31 per share under right basis.

Date of issue – Opening and closing of the issue - 19.09.2018 to 18.10.2018 (inclusive of both the days)

Date of allotment	- 09/11/2018
Method of allotment	- Rights Issue
Issue price	- Rs.15.31 per share
Number of shares allotted	- 2,91,30,100 equity shares

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

MANAGEMENT

Directors & Key Managerial Personnel and changes during the year

Shri.R.Amalorpavanathan Chairman cum Nominee Director	Deputy Managing Director - NABARD, HO, Mumbai
Dr.P.M.Ghole Nominee Director	Chief General Manager - NABARD, HO, Mumbai
Shri. Satyajit Dwivedi Nominee Director	Chief General Manager, NABARD, HO, Mumbai
Shri.D.Devaraj Nominee Director	GM, Indian Bank, Chennai
Shri.M.Arvind, IAS Nominee Director	Dep. Secy. to Govt. (Budget), Finance Dept., Chennai
Shri.Vijay Sardana Independent Director	Member, Commodity Derivatives Advisory Committee, Securities and Exchange Board of India (SEBI), Govt. of India, Mumbai
Shri.Ashok Kumar Yadav Independent Director	Retired IAS Officer



Shri. Arindom Datta Independent Director	Rabo India Securities Pvt. Limited - Asia Head, Sustainability Banking, Rabobank Group
Shri.Alok Bhargava Independent Director	Management Consultant
Ms.Vijayalakshmi Das Independent Director	CEO of Friends of Women's World Banking, India
Shri.Niraj Kumar Verma	Managing Director & CEO, NABKISAN
Dr.K.S.Mahesh	Chief Financial Officer, NABKISAN
M.Bhuvaneswari	Company Secretary, NABKISAN

During the year, the following changes have taken place in the Board of Directors and Key Managerial Personnel:

- Smt.Padma Raghunathan, Chief General Manager, NABARD TNRO was appointed as Nominee Director in place of Shri.Syed Nagoor Ali Jinnah, CGM, NABARD TNRO w.e.f. 18.04.2018.
- Shri.S.Dwivedi, Chief Executive Officer was appointed as Director cum Managing Director w.e.f. 25.04.2018.
- Shri.Vijay Sardana was appointed as Independent Director at the Extra-Ordinary General Meeting held on 29.06.2018.
- Shri.Ashok Kumar Yadav was appointed as Independent Director at the Extra -Ordinary General Meeting held on 29.06.2018.
- Shri.R.Manimaran, General Manager, Indian Bank ceased to be a Director w.e.f. 31.07.2018 on withdrawal of nomination by the nominating authority due to superannuation.
- Shri. Niraj Kumar Verma, General Manager, NABARD was appointed as CEO cum Managing Director of NABKISAN for a period of two years w.e.f. 03.10.2018 in place of Shri.S.Dwivedi, the then CEO of NABKISAN.
- Shri.S.Dwivedi, Chief General Manager, NABARD was nominated as Director on the Board of NABKISAN in place of Smt.Padma Raghunathan, Chief General Manager, NABARD w.e.f. 03.10.2018.
- Shri.D.Devaraj, General Manager, Indian Bank was appointed as Nominee Director on the Board of NABKISAN w.e.f. 09.10.2018.
- Shri.Sunil Haribhau Pote, Independent Director retired from office w.e.f. 25.01.2019 on expiry of two consecutive terms.
- Shri.Ashis Mondal, Independent Director retired from office w.e.f. 25.01.2019 on expiry of two consecutive terms.
- Shri.Alok Bhargava was appointed as Additional Director on the Board of NABKISAN with effect from 25.01.2019.
- Ms.Vijayalakshmi Das was appointed as Additional Director on the Board of NABKISAN with effect from 25.01.2019.



- Shri.Arindom Datta was appointed as Additional Director on the Board of NABKISAN with effect from 18.02.2019.
- Shri T.Venkatakrishna, General Manager, NABARD was appointed as Director and simultaneously as Chief Executive Officer & Managing Director of NABKISAN w.e.f. 30.04.2019 in place of Shri Niraj Kumar Verma, the then MD & CEO.
- Shri.Alok Bhargava, Shri.Arindom Datta and Ms.Vijayalakshmi Das were appointed as Independent Directors at the Extra Ordinary General Meeting held on 29.05.2019.

Retirement by rotation

Shri.M.Arvind, IAS, Director retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Review of Performance of Chairman, Non-Independent Directors and the Board as a whole

The independent directors in their meeting has reviewed the performance of non-independent directors and the Board as a whole, the performance of the Chairperson of the company taking into account the views of executive directors and non-executive directors and assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Code of Conduct

Your Company has in place a comprehensive Code of Conduct (“the Code”) applicable to Directors and Senior Management Personnel. The Code gives guidance and support needed for ethical conduct of business and compliance of law.

Independent Directors

Your Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that he/ she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 read with the Companies (Directors’ Responsibility) Rules 2000, the Directors state that:

- The applicable accounting standards have been followed in the preparation of the annual accounts along with proper explanation relating to material departures, if any.
- Accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
- Proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.



(d) The annual accounts have been prepared on a going concern basis.

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTION

All the related party transactions are in compliance with the applicable provisions of the Act. The details of the transaction with related party as required under Section 134 (3) (h) of the Companies Act, 2013 are furnished in **Annexure I** and forms part of this report.

AUDITORS

Internal Audit

M/s. Jagadeesh Keerthy & Sarayu, Chartered Accountants, Chennai were appointed as your Company's Internal Auditors for the financial year 2018-19. The reports of the internal auditors were placed before the Audit Committee at their meetings at regular intervals.

Statutory Audit

In pursuance of Section 139 of the Companies Act, 2013, the Comptroller & Auditor General of India had appointed M/s. V.Senthilnathan & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company for the financial year 2018-19.

Emphasis of matter made by the Auditor in Report on the standalone financial statements

1. We draw attention to notes to the financial statements uncertainties relating to the outcome of the appeal filed relating to various cases, the impact of the same as on 31st March 2019 on the results cannot be determined pending ultimate outcome of the matter and no provision has been recognized in the financial statements as referred to notes No. 2.17 to the financial statements.
2. We draw attention to Note 2.18 under Statutory compliances relating to non-compliance of GST and 2.19, due to which various returns and disclosure requirements are applicable, the financial impact is less but business may be affected due to penal and other consequences from respective authorities.

Management Reply to the Auditors' Remarks

1. The legal cases referred to in Note No.2.17 pertains to Eerattil Poultry & Agro Farms Pvt. Ltd. and Kiruba Charitable Trust. In respect of Eerattil Poultry & Agro Farms, an OTS scheme for Rs.67 lakh was offered out of which Rs.52 lakh has been paid by the party and further, 100% provision has been made in the books.

In respect of Kiruba Charitable Trust,

- o Immovable properties were obtained as collateral security and the same were registered in the name of NABKISAN.
- o The property documents are attached to the High Court through filing of civil suit



- o A criminal complaint has also been lodged for cheque bounce case under Negotiable Instruments Act.
 - o Provisions, as required under RBI guidelines have been made in the books of accounts.
2. In this regard, NABKISAN has obtained opinion from M/s.Gopikumar Associates, Tax Consultant who has opined that there is no provision for revision of return filed under GST. The only recourse is to rectify the mistake in the annual return which is to be filed on or before 31.08.2019. The mistake regarding the input could also be rectified in the annual return.

Emphasis of matter made by the Auditor in Report on the Internal Financial Controls

We draw attention to the Advance and credit evaluation and sanction of advances to the customer based on the documents available as referred to notes no 2.16, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and becoming NPA affecting financial position of the company.

Management Reply to the Auditors' Remarks

The management has already replied in the note no.2.16 to financial statements that the minor lapses in documentation of advances given to the borrower noticed in few cases have been resolved by NABKISAN.

Reporting of Frauds by Auditors:

During the year under review, the Statutory Auditors and the Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

Supplementary Audit by C&AG

Comptroller and Auditor General of India vide their report dated 08th July 2019 (**Annexure II**) have forwarded their certificate with NIL comments under Section 143(6)(b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31st March 2019.

Secretarial Audit

Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration) Rules, 2014 *inter-alia* requires every Public Company having a paid-up share capital of fifty crore rupees or more to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form.

The Board of Directors appointed Smt.P.R.Sudha, Practicing Company Secretary as Secretarial Auditor to conduct Secretarial Audit of the Company for Financial Year 2018-19 and her report is annexed to this Board report vide **Annexure III**.

The Secretarial Auditor has also made emphasis of matter on the issues mentioned by the Statutory Auditor, in her report and the management replies are the same as furnished above.



Dividend

The Board recommended a dividend of Rs.0.50 per Equity Share (5% on the face value of Rs.10/- per share) on 8,68,54,450 Equity Shares of Rs.10 each for the year ended 31st March 2019, in proportion to the period of holding. The dividend on Equity Shares is subject to the approval of the shareholders at the Annual General Meeting (AGM). The total dividend pay-out works out to 21.85% of the net profit. The Register of Members and Share Transfer Books will remain closed from 16th September, 2019 to 22nd September, 2019 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31 March 2019.

Reserves

The company has transferred Rs.381.45 lakh to special reserve u/s 45-IC of RBI Act, 1934 as against Rs.271.26 lakh transferred during the previous financial year. The company has made a profit after tax of Rs.1907.25 lakh during the financial year ended 31st March 2019.

Status of NPA Accounts:

As on 31 March 2019, the company had a gross NPA of Rs.961.16 lakh as against Rs.500.47 lakh as on 31 March 2018. In respect of one NPA account viz., M/s. Eerattil Poultry & Agro Farms Pvt. Ltd. an OTS scheme for Rs.67 lakh was placed before the Board at its meeting held on 30.08.2017 and the same was approved as under:

- Rs.30 lakh to be paid within 10 days of communication of acceptance of the OTS offer by NABKISAN, failing which the OTS stands withdrawn; and
- Balance amount of Rs.37 lakh to be paid within 6 months from the date of communication of acceptance of the offer failing which simple interest @ 10% p.a. would be charged till the date of full and final settlement under the OTS scheme. The securities will be with NABKISAN till the amount is fully paid. Further course of action is being initiated in this case.

As per the offer Rs.30 lakh has been paid by the party during September / October and balance of Rs.37 lakh to be paid within 6 months of the offer. The party subsequently paid Rs.4 lakh on 28.02.2018, Rs.5 lakh on 01.03.2018, Rs.10 lakh on 16.04.2018 and Rs.3 lakh on 23.08.2018. An amount of Rs.15 lakh is still to be paid.

There are 83 NPA cases comprising 66 PLFs, 6 NGOs, 10 FPCs and one company. In monetary terms, the total NPA is Rs.9.61 crore out of which Rs.4.73 crore is for PLF accounts, Rs.2.96 crore is for NGOs, Rs.1.86 crore for FPCs and Rs.0.06 crore for others. In the case of PLFs, our efforts include regular interactions with project authorities, participation in review meetings of project staff and periodic meetings by COO and CFO with the PD and APD. The Board approved incentive for recovery from NPA PLFs was communicated to Tamilnadu Corporation for Development of Women. Recovery drives have been scheduled and conducted in 13 districts during the month of July 2019. The NPAs in most of the FPOs are due to cash flow issues, however, repayments are coming from them with delays. Monitoring follow up with Trustees and issue of legal notices in few cases are being done for NGOs.



BOARD AND ITS COMMITTEES

Board Meetings

The Board of directors met nine times during the year 2018-19 on 25th April 2018, 01st June 2018, 27th July 2018, 10th September 2018, 03rd October 2018, 09th November 2018, 27th December 2018, 25th January 2019 and 05th March 2019.

Audit Committee

In terms of Section 177 of the Companies Act, 2013, the Board had constituted an Audit Committee. The Audit Committee met two times during the year 2018-19 on 25th April 2018 and 09th November 2018.

The present committee consists of Shri.T.Venkatakrishna, Managing Director, Shri.Vijay Sardana, Independent Director and Shri.Ashok Kumar Yadav, Independent Director.

Other Committees of the Board

As on March 31, 2019, the Board had 11 (eleven) Committees viz: Audit Committee, Loan Committee, CSR Committee, Asset Liability Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Strategy Committee, Investment Committee, Share Transfer Committee, Human Resource Committee and Business Development Committee.

(1) Audit Committee – Composition & Meetings

The present Audit Committee comprises of Shri. T.Venkatakrishna, Managing Director, Shri.Vijay Sardana, Independent Director and Shri.Ashok Kumar Yadav, Independent Director.

During the year ended March 31, 2019, two (2) meetings of the Committee were held on 25th April 2018 and 9th November 2018.

(2) Loan Committee – Composition & Meetings

The present Loan Committee comprises of Shri. T.Venkatakrishna, Managing Director, Shri.Sheetanshu Shekhar, COO, Shri.S.Dwivedi, Director, Shri.D.Devaraj, Director and Shri.Mahesh Sundararajan Kaniyur, CFO.

During the year ended March 31, 2019, two (2) meetings of the Committee were held on 27th November 2018 and 07th February 2019.

(3) CSR Committee – Composition & Meetings

The present CSR Committee comprises of Shri.T.Venkatakrishna, Managing Director, Shri.S.Dwivedi, Director and Shri.Vijay Sardana, Independent Director.

During the year ended March 31, 2019, two (2) meetings of the Committee were held on 27th July 2018 and 09th November 2018.



(4) Asset Liability Committee – Composition & Meetings

The present Asset Liability Committee comprises of Shri.T.Venkatakrishna, Managing Director, Shri.Sheetanshu Shekhar, COO and Dr.K.S.Mahesh, Chief Financial Officer.

During the year ended March 31, 2019, one meeting of the Committee was held on 14th February 2019.

(5) Nomination and Remuneration Committee – Composition & Meetings

The present Nomination and Remuneration Committee comprises of Shri.S.Dwivedi, Director, Shri.Vijay Sardana, Independent Director and Shri Ashok Kumar Yadav, Independent Director.

During the year ended March 31, 2019, one meeting of the Committee was held on 25th January 2019.

(6) Risk Management Committee – Composition & Meetings

The present Risk Management Committee comprises of Shri.S.Dwivedi, Director, Shri.Vijay Sardana, Independent Director and Shri Ashok Kumar Yadav, Independent Director.

During the year ended March 31, 2019, one meeting of the Committee was held on 25th January 2019.

(7) IT Strategy Committee – Composition & Meetings

The present IT Strategy Committee comprises of Shri.Vijay Sardana, Independent Director, Shri.T.Venkatakrishna, Managing Director, Shri.Sheetanshu Shekhar, COO, Dr.K.S.Mahesh, Chief Financial Officer and Shri.Venkataganesh Pokuru, IT Officer.

During the year ended March 31, 2019, one meeting of the Committee was held on 25th January 2019.

(8) Investment Committee – Composition & Meetings

The present Investment Committee comprises of Shri.T.Venkatakrishna, Managing Director, Shri.S.Dwivedi, Director, Shri.Sheetanshu Shekhar, COO and Dr.K.S.Mahesh, Chief Financial Officer.

During the year ended March 31, 2019, two (2) meetings of the Committee were held on 27th November 2018 and 14th February 2019.

(9) Share Transfer Committee – Composition & Meetings

The present Share Transfer Committee comprises of Shri.T.Venkatakrishna, Managing Director and Shri.S.Dwivedi, Director.

No meeting of the committee was held during the year ended March 31, 2019.



(10) Human Resource Committee – Composition & Meetings

The present Human Resource Committee comprises of Shri R.Amalorpavanathan, Chairman, Shri.S.Dwivedi, Director, Nominee Director of Indian Bank, Shri Vijay Sardana, Independent Director, Shri.Ashok Kumar Yadav, Independent Director and Managing Director cum CEO, NABKISAN.

During the year ended March 31, 2019, one meeting of the committee was held on 22 January 2019.

(11) Business Development Committee – Composition & Meetings

The present Business Development Committee comprises of Shri R.Amalorpavanathan, Chairman, Shri.S.Dwivedi, Director, Nominee Director of Indian Bank, Shri Vijay Sardana, Independent Director, Shri.Ashok Kumar Yadav, Independent Director and Managing Director cum CEO, NABKISAN.

During the year ended March 31, 2019, one meeting of the committee was held on 09 November 2019.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As prescribed under the Companies (Corporate Social Responsibility) Rules, 2014, the initiatives undertaken by the Company on CSR activities during FY 2018-19 are set out in the prescribed format under **Annexure IV** and forms part of this report.

INFORMATION ON ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE AS PER SECTION 134 OF THE COMPANIES ACT, 2013

Our company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings or outgo.

POLICIES

Vigil Mechanism/Whistle Blower Policy:

The Company has formulated a vigil mechanism through Whistle Blower Policy to deal with instances of unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethics policy and the policy is also available on the Company's website.

Risk Management Policy

The Board of Directors has adopted the Risk Management Policy based on the recommendation of the Risk Management Committee in order to assess, monitor and manage risk throughout the Company. Risk is an integral part of any business, and sound risk management is critical for the success of any organization. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment to monitor and mitigate the risk through internal audit recommendations including those relating to strengthening of the Company's risk management policies and systems.



Sexual harassment policy for women under The Sexual Harassment of Women at workplace (prevention prohibition and Redressal) Act, 2013:

Your Company has in place a formal policy for prevention of sexual harassment of its employees at workplace. The Company is in compliance with the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and has adopted a policy on Sexual Harassment to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment.

Further, during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in accordance with Section 134 (3)(a) of the Companies Act, 2013 in the prescribed format (MGT-9) is placed on the website of the company.

DEPOSITS FROM PUBLIC

During the year under review, your Company did not accept any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

EMPLOYEE BENEFITS

The company has voluntarily contributed 8.33% of Basic Pay to staff towards Public Provident Fund and providing Gratuity at half a month salary for each year of completed service, after completion of five years' service, though the provisions of Employee Provident Fund Act is not applicable to the employees of the company. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.

FUTURE OUTLOOK

The Board of Directors of the company has approved the following business plan of the company for the financial year 2019-20:

(Amounts in Rs.lakh)

S. No	Activity	2019-20
1	Activity based lending through NGOs/ Trusts / Sec 8 Companies	3000
2	NBFCs	27000
3	Micro Finance Institutions (MFIs)	23000
4	Farmers' Producer Organizations (FPOs)	
	Direct Lending	12000
	On-lending	3000
	Total FPO	15000
5	PACS as MSC	5000
6	Agri Corporates and Others	2000
	TOTAL	75000



The Company foresees significant scope for expansion of business in the Agri-corporate sectors during the year, besides lending to Farmer Producer Organizations (FPOs). Thrust will continue to be provided for financing of FPOs so as to integrate the small farmers with the agriculture market value chain and become sustainable business enterprises over a period of time. The company will continuously explore the scope for leveraging technology in a cost effective manner to reach out to the POs in interiors and meet their credit needs. Risk diversification measures will also have to be initiated to address the concentration and sectoral risks as long term mitigation measures.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the support provided to the company by NABARD, the shareholder banks, the Government of Tamil Nadu, the client institutions and the other shareholders of the company.

For and on behalf of the Board
For NABKISAN Finance Ltd

Place: Mumbai
Date: 19 August 2019

Sd/-
T.Venkatakrishna
Managing Director



FORM NO. AOC -2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. - NIL

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD), Parent Company
b)	Nature of contracts/arrangements/transaction	Availing of refinance facility (unsecured loan)
c)	Duration of the contracts/arrangements/transaction	---
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs.564,05,70,063/-
e)	Date of approval by the Board	30/04/2019
f)	Amount paid as advances, if any	--

Sd/-
T.Venkatakrishna
Managing Director



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NABKISAN FINANCE LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of **NABKISAN Finance Limited** for the year ended 31st March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their **Revised Audit Report dated 31st May 2019** which supersedes their earlier Audit Report dated 30th April 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **NABKISAN Finance Limited** for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller & Auditor General of India**

Place : New Delhi
Date : 08.07.2019

Sd/-
(राजदीप सिंह)
प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड - IV



Form No.MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
NABKISAN Finance Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NABKISAN Finance Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of NABKISAN Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the NABKISAN Finance Limited for the financial year ended on 31.03.2019 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Secretarial standards (SS-1, SS-2, SS-3) issued by the Institute of Company Secretaries of India;
- (iii) Reserve Bank of India Act, 1934 and notifications issued by RBI from time to time.

NABKISAN Finance Limited is a subsidiary of National Bank for Agriculture and Rural Development (NABARD) (holding 82.51% of the shares of NABKISAN Finance Limited as on 31.03.2019) and hence is a Government Company.

NABKISAN Finance Limited has been granted certificate of registration No.B-07.00712 dated 25th September 2014 under Section 45 IA of the Reserve Bank of India Act, 1934 to carry on the business of non-banking financial institution without accepting public deposits.

During the period under review and as per the explanations and clarifications given to me and the representation made by the Management, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above except instances which would not materially affect the operations of the Company.



I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. In the instances where notice is given for less than seven days, the provisions of Companies Act, 2013 and the Rules prescribed therein have been complied with. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the Management, were unanimous and therefore there were no dissenting views that were required to be recorded.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period

1. In the Independent Auditors Report of NABKISAN Finance Limited issued by M/s V. Senthilnathan & Co., Chartered Accountants on 31.05.2019, emphasis of matter has been made on the following issues :
 - a. Advance and credit evaluation and sanction of advances to the customer (to the tune of Rs.55009.98 lakh to various institutions, Farmer Producer Organisation and other corporate etc.) based on the documents, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and becoming NPA affecting financial position of the company.
 - b. Uncertainties relating to the outcome of the appeal filed relating to various cases viz. Eerattil Poultry & Agro Farms P Ltd and Kiruba Charitable Trust, the impact of the same as on 31st March 2019 on the results cannot be determined pending ultimate outcome of the matter and no provision has been recognized in the financial statements.
 - c. Statutory compliances relating to non-compliance of GST mentioned in note no.2.18 and 2.19 of the financial statement, due to which various returns and disclosure requirements are applicable, the financial impact is less but business may be affected due to penal and other consequences from respective authorities.

The above have been addressed by the Directors in their report

2. Special resolution passed in the Extra Ordinary General Meeting held on 29.06.2018 in order to alter the main objects clause of Memorandum of Association.
3. The company has become Non-Deposit taking Systematically Important Finance Company on 23rd August 2018 and the RBI Master Directions DNBR.PD.008/03.10.119/ 2016-17 dated 01.09.2016 (updated as on 23rd February 2018) would be applicable to the company henceforth.



4. DIN of the directors Mr. VIJAY SARDANA and Mr. ARVIND MANICKAVASAGAM are marked “Director of ACTIVE non-compliant company”.
5. Statutory auditor as proposed by Comptroller and Auditor General of India (CAG) is appointed by the company u/s 139 (5) of the Companies Act, 2013. But in the Company Master Data maintained by the Ministry of Company Affairs, the Company Sub-category appears as “Non-Govt Company”. But, the company is treated as a deemed Government Company and hence, claims exemptions from the following compliances:
 - a. Placing of declaration obtained from independent directors in the first Board meeting
 - b. Obtaining DIR-8 from directors u/s 164 (2)
 - c. Approval of Related Party Transactions by the Audit Committee, Board, etc.
 - d. Appointment of auditor by Audit Committee.

I further report that

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and have relied on the report of statutory auditors and financial statements.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The compliance by the Company of the applicable financial laws like direct and indirect taxes and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subject to review by statutory financial audit, CAG and other designated professionals.

Place: CHENNAI
Date: 08 August 2019

Sd/-
P.R. SUDHA
FCS No.6046
CP No.:4468



CORPORATE SOCIAL RESPONSIBILITY REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

With the applicability of Section 135 of the Companies Act, 2013, the Board as its meeting held on the 27th June 2016, had constituted the Corporate Social Responsibility Committee (CSR) to formulate, envisage and oversee the activities to be undertaken by the Company as specified in Schedule VII and to monitor the policy from time to time.

The CSR Committee met on 19th August 2016 to consider and recommended to the Board the CSR policy for their approval. The recommended CSR policy was approved by the Board at its meeting held on the same day.

The CSR policy of the company can be viewed from its website: www.nabkisan.org.

2. Composition of the CSR Committee:

The present constitution of the CSR Committee is as follows:

- Shri.Satyajit Dwivedi, Director
- Shri Vijay Sardana, Independent Director and
- Shri T.Venkatakrisna, Managing Director cum CEO

3. Average net profit of the company for last three financial years:

PARTICULARS	AMOUNT
Profits/Loss before Tax for the FY 2015-16	8,62,01,087/-
Profits/(Loss) before Tax for the FY 2016-17	11,81,14,430/-
Profits/Loss before Tax for the FY 2017-18	19,28,48,711/-
Total Profits for 3 years	39,71,64,228/-
Average of the Above profits	13,23,88,076/-

4. Prescribed CSR expenditure (two percent of the amount as in Item 3 above):

2% of average profit – Rs.26,47,762/-

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year - Rs.26,47,762/- . Total amount spent for the financial year - Rs.15,45,000/-
- (b) Amount unspent, if any: Rs.11,02,762/-
- (c) Manner in which the amount is spent during the financial year:
 - Payment made to VAMNICOM, Pune for National Workshop on Managing FPOs smart sustainable & competitive – Rs.1,00,000/-
 - Payment made to Thaimadi Trust for undertaking the construction of shelter for the destitute – Rs.9,00,000/-



- Payment made to Panchayat Union Middle School, Kadayampatty, Magudanchavadi Union, Salem for establishing the computer lab – Rs.4,45,000/-
- An amount of Rs.1 lakh has been provided for balance payment to be made to Thaimadi Trust.

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

NABKISAN considers social responsibility as an integral part of its business activities and endeavours to utilize allocable CSR budget for the benefit of society. NABKISAN's CSR initiatives are on the focus areas approved by the Board benefitting the community. However, the company has just embarked on the journey of ascertaining CSR programs. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. Moving forward, the Company will endeavour to spend the complete amount on CSR activities in accordance with the statutory requirements.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

**Sd/-
Shri.Satyajit Dwivedi
Director**

**Sd/-
Shri.Vijay Sardana
Independent Director**

**Sd/-
Shri.T.Venkatakrishna
MD cum CEO**

Place: Mumbai
Date: 19 August 2019



Independent Auditors' Report

To the Members of NABKISAN FINANCE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Nabkisan Finance Limited, which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019 and its profit and its cash flows for the year ended on that date.

The C&AG Audit have pointed out subsequent to our completion of audit on 30.04.2019 that in Emphasis of Matter item Nos. 1, 3 and Emphasis of Matter stated in Annexure B qualified opinions of Auditors report it was referred as 'our notes to Financial Statements' instead of 'Notes to Financial Statements' and in item No 2(v) of the Report on other Legal and Regulatory Requirements, it was reported that 'it is deemed Government company under the control of Comptroller and Auditors General of India' which is not correct and item No.3 of the 'Emphasis of Matter' contained in the Auditors' Report dated 30.04.2019, wherein Note No 3.13 of the schedule to financial statement has to be avoided and typographical errors noticed in the above referred Auditors' Report on the financial statements has to be rectified and item No (xi) of Annexure -A attached to the Auditors' Report for payment made to managerial remuneration to be altered and Reference is invited to last paragraph of the Annexure B to the Independent Auditors' Report, wherein it was wrongly stated that "we have issued a qualified opinion on the standalone financial statement" instead of stating that "we have not issued a qualified opinion ". Hence, the Auditors report is revised to rectify the same.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

1. We draw attention to Notes to the financial statements uncertainties relating to the outcome of the appeal filed relating to various cases, the impact of the same as on 31st March 2019 on the results cannot be determined pending ultimate outcome of the matter and no provision has been recognized in the financial statements as referred to notes No 2.17 to the Financial Statements.
2. We draw attention to Note 2.18 under Statutory compliances relating to Non-Compliances of GST and 2.19, due to which various returns and disclosure requirements are applicable the financial impact is less but business may be affected due to penal and other consequences from the Respective Authorities.

Our Opinion is not qualified in respect of above said matters.

Responsibility of Management and those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting -records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') read with amendment made issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard Rules notified;
 - v. As per notification No GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 164(2) of the Companies Act, 2013 with respect to disqualification of directors is not applied to the company;
 - vi. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - vii. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 read with Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of various pending litigations on its financial position in the financial statements as referred to in Notes to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by Section 143 (5) of the Companies Act, 2013, we give in Annexure C, the report on the Directions issued by the Comptroller and Auditor General of India.

For V. Senthilnathan & Co.
Chartered Accountants
Firm Registration No. 003711S

Sd/-
M. Basheer
Partner
M. No. : 200084
Place: Chennai
Date : 31.05.19



“Annexure A” to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that:

(i) FIXED ASSETS

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals.
- (c) As informed to us no material discrepancies were noticed on such physical verification.

(ii) INVENTORY

- (a) Inventory is not applicable to the company since it is Non Banking Finance Company and hence conduction of physical verification of Inventory by Management at reasonable intervals does not arise.
- (b) Inventory is not applicable to the company since it is Non Banking Finance Company and hence material discrepancy on physical verification does not arise.

(iii) LOANS GIVEN BY THE COMPANY

In our opinion, no advances have been given to the parties listed in the register maintained under section 189 of the Companies Act, 2013 and hence the clause is not applicable to the company as under:

- (a) Reporting the terms of such loan are not prejudicial to company's interest
- (b) Reporting the repayment and its receipt are proper
- (c) Reporting of loans repayment outstanding for more than 90 days and its recovery position.

(iv) LOANS TO DIRECTORS AND INVESTMENT BY THE COMPANY

In our opinion and according to the information and explanations given to us, the Company has not given any loans and guarantees to directors; hence the clause (iv) of the order is not applicable to the company.

(v) DEPOSITS

The Company has not accepted any deposits from the public and has followed RBI's directive as under:

- (a) The provisions regarding acceptance of deposits under Section 73 to 76 of the Companies Act, 2013 have been followed.
- (b) No order passed by the Court or any other tribunal like RBI, CLB etc.
- (c) No cases of non-compliance.



(vi) COST RECORDS

We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 148 (1) of the Companies Act, 2013 in respect of the Company's products to which the said rules are not applicable to the company.

(vii) STATUTORY DUES

(a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Insurance, Income-tax, Sales-Tax, Wealth Tax, GST, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

(b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no statutory dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which are outstanding more than six months..

(c) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

(d) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.

(viii) REPAYMENT OF LOANS

In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a Financial Institutions, Banks. Hence, the provisions of clause (ix) of the Companies (Auditors Report) Order, 2016 are not germane.

(ix) UTILISATION OF FUNDS

The Company has raised money by way of rights offer to the existing shareholders of the company and the same has been applied for the purposes for which it was raised by the company.

(x) REPORTING OF FRAUD

According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.



(xi) APPROVAL OF MANAGERIAL REMUNERATION

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/reimbursed for managerial remuneration to Directors of the company/NABARD.

(xii) NIDHI COMPANY

In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable as under:

- i. Maintaining net owned funds to deposit in the ratio 1:20 to meet out the liability
- ii. Maintaining 10% unattached term deposits to meet out the liability.

(xiii) RELATED PARTY TRANSACTIONS

According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) PRIVATE PLACEMENT OF PREFERENTIAL ISSUES

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares during the year.

(xv) NON-CASH TRANSACTIONS

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) REGISTRATION UNDER RBI ACT

The Company has obtained and registered under Section 45-IA of the Reserve Bank of India Act, 1934 vide no.B-07.00712

For V. Senthilnathan & Co.
Chartered Accountants
Firm Registration No. 003711S

Sd/-

M. Basheer
Partner
M. No. : 200084
Place: Chennai
Date : 31.05.19



“Annexure B” to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Nabkisan Finance Limited as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2)



provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Emphasis Of Matter

We draw attention to the Advance and credit evaluation and sanction of Advances to the customer based on the documents available as referred to notes no 2.16, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and becoming NPA affecting financial position of the company.

Our Opinion is not qualified in respect of above said matters.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the above emphasis of matter described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature timing and extent of audit tests applied in our audit of the standalone financial statements of the company as at and for the year ended 31st March 2019 and the material weakness has affected our opinion on the standalone financial statements of the company and we have not issued a qualified opinion on the standalone financial statements.

For V. Senthilnathan & Co.
Chartered Accountants
Firm Registration No. 003711S

Sd/-

M. Basheer
Partner
M. No. : 200084
Place: Chennai
Date : 31.05.19



Annexure C to Independent Auditor's Report

Comments in regard to the directions and sub directions issued by the Comptroller and Auditor General of India :

Directions under sections 143(5) of Companies Act, 2013

S.No.	Directions	Remarks
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes. There are no transaction that occurred outside IT system of the company so as to affect the integrity of the accounts of the company.
2	Whether there is any restructuring of an existing loan or cases of waiver/write-off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	During the Financial Year, the company has rescheduled one term loan of Nagai District Fisherman's Sangam Federation on account of natural calamity to one year and classified the same as Standard asset in accordance with the RBI norms for restructuring of accounts. There has been no write off/waiver of debts/loans interest etc.
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Not Applicable.

For V. Senthilnathan & Co.
Chartered Accountants
Firm Registration No. 003711S

Sd/-

M. Basheer

Partner

M. No. : 200084

Place: Chennai

Date : 31.05.19



Additional Report On the NBFC (Auditor's Report Reserve Bank) Directions, 2016

To The Board of Directors
Nabkisan Finance Limited
NABARD Regional Office,
Nungambakkam, Chennai 600034

As per the RBI directions on Additional Report on the following matters specified in the paragraphs 3 of the directions, We report that

A. General Matters

- I. The company has obtained the Certificate of Registration (COR) from the Reserve Bank of India for conducting the business of non banking financial activity.
- II. The company is entitled to hold the Certificate of Registration in terms of Principal business criteria(Financial Asset/income pattern) as on the year ended 31.03.2019.
- III. The company is meeting the required net owned fund requirement as laid down in RBI master directions (NBFC -Systemically Important Non deposit taking company 2016)

B. Matters Specific to NBFC not accepting Public deposits.

- (i) The Board of Directors of the company has passed the resolution for non acceptance of any public deposits during the financial year 2018-19.
- (ii) The company has not accepted any public deposits during the financial year 2018-19.
- (iii) The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company -Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
- (iv)
 - a. The capital adequacy ratio as disclosed in the return submitted to the bank in form NBS 7 slightly varies with the ratio finally arrived at as on year ended 31.03.2019 in accordance with Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and also satisfying the minimum Capital to Risk Weighted Assets Ratio.
 - b. The company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period.
- (v) As the company is not a Micro Finance Institution, this clause is not applicable to the company.

For V. Senthilnathan & Co.
Chartered Accountants
Firm Registration No. 003711S

Sd/-

M. Basheer
Partner
M. No. : 200084
Place: Chennai
Date : 30.04.19



BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note Ref	As at March 31, 2019 ₹	As at March 31, 2018 ₹
I EQUITY AND LIABILITIES			
1) Share Holders' Funds			
Share Capital	3.1	86,85,44,500	57,72,43,500
Reserves & Surplus	3.2	61,72,66,447	30,65,98,271
2) Non-current Liabilities			
Long-term borrowings	3.3	3,20,26,97,476	2,29,23,18,404
Long term provisions	3.4	4,16,82,038	2,54,52,857
3) Current Liabilities			
Other current liabilities	3.5	2,50,94,95,432	1,46,89,01,535
Short-term provisions	3.6	9,73,50,226	6,35,35,507
Total		7,33,70,36,119	4,73,40,50,074
II ASSETS			
1) Non-current Assets			
Fixed Assets			
- Tangible Assets	3.7	3,01,107	1,68,297
- Intangible Assets		2,47,966	6,73,090
Non Current Investments	3.8	-	96,64,500
Long term loans and advances	3.9	4,32,92,98,887	2,47,34,26,042
Deferred tax asset (net)	3.10	1,86,683	1,25,691
Other non current assets	3.11	9,91,78,537	8,67,44,804
2) Current Assets			
Cash And Cash Equivalents	3.12	5,37,98,763	9,91,52,217
Short term loans and advances	3.13	2,84,85,75,813	2,05,64,50,559
Other Current Assets	3.14	54,48,363	76,44,874
Total		7,33,70,36,119	4,73,40,50,074
Significant Accounting Policies and Notes to accounts 1 to 2			
The notes referred to above form integral part of Financial Statements and Previous Years Figures are Regrouped wherever necessary. Vide report of even date			
for V Senthilnathan & Co		For NABKISAN Finance Limited	
Chartered Accountants Firm Reg No.003711S	Sd/- R.Amalorpavanathan Chairman	Sd/- S. Dwivedi Director	Sd/- Ashok Kumar Yadav Independent Director
Sd/- M. Basheer Partner M.No. 200084 Mumbai, 30.04.2019	Sd/- Niraj Kumar Verma MD & CEO	Sd/- Dr. K.S. Mahesh Chief Financial Officer	Sd/- M. Bhuvanewari Company Secretary



(Rs. in Lakhs)

(b)	Borrower Group-wise classification of assets financed as in (2) and (3) above:			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	71,480.68	124.64	71605.32
	Total	71,480.68	124.64	71605.32
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :			
	Category	Market Value / Break up or fair value or NAV	Book Value (Net or Provisions)	
	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Nil	Nil	
	2. Other than related parties	Nil	Nil	
	Total	Nil	Nil	
(8)	Other Information			
	(i) Gross Non-Performing Assets (a) Related parties (b) Other than related parties		Nil 961.16	
	(ii) Net Non-Performing Assets (a) Related parties (b) Other than related parties		Nil 788.15	
	(iii) Assets acquired in satisfaction of debt		Nil	
Vide our report of even date		For and on behalf of the Board of Directors		
for V Senthilnathan & Co Chartered Accountants Firm Reg No.003711S		Sd/- R. Amalorpavanathan Chairman	Sd/- S. Dwivedi Director	
Sd/- M. Basheer Partner M.No. 200084 Mumbai, 30.04.19		Sd/- Ashok Kumar Yadav Independent Director	Sd/- Niraj Kumar Verma MD & CEO	
		Sd/- Dr.K.S. Mahesh Chief Financial Officer	Sd/- M. Bhuvaneshwari Company Secretary	



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Note Ref	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
I INCOME			
Revenue from Operations	4.1	64,18,12,944	46,47,76,815
Other Income	4.2	1,67,67,741	51,72,931
Total A		65,85,80,685	46,99,49,746
II EXPENDITURE			
Finance Cost	4.3	33,05,16,565	24,44,93,852
Employee Benefits Expenses	4.4	70,69,591	63,23,790
General & Administrative Expenses	4.5	1,82,88,717	1,75,94,558
Provisions & Contingencies	4.6	2,62,47,927	79,25,148
Depreciation	3.7	5,03,392	7,63,688
Total B		38,26,26,192	27,71,01,036
III Profit before exceptional and extraordinary items and tax (I-II)		27,59,54,493	19,28,48,710
IV Extraordinary items		-	-
V Profit / (Loss) before Taxation		27,59,54,493	19,28,48,710
VI Tax Expenses			
- Earlier Tax		6,75,806	-
- Current Tax		8,46,14,500	5,73,49,120
- Deferred Tax		(60,992)	(1,29,644)
VII Profit / (Loss) after Tax		19,07,25,180	13,56,29,234
VIII Earning per Equity Share:			
Basic & Diluted	2.14	2.76	2.35

Significant Accounting Policies and Notes to accounts 1 to 2

The notes referred to above form integral part of Financial Statements and Previous Years Figures are Regrouped wherever necessary.

Vide report of even date

for **V Senthilnathan & Co**

Chartered Accountants

Firm Reg No.003711S

Sd/-

M. Basheer

Partner

M.No. 200084

Mumbai, 30.04.19

For NABKISAN Finance Limited

Sd/-

R. Amalorpavanathan

Chairman

Sd/-

Ashok Kumar Yadav

Independent Director

Sd/-

Dr.K.S. Mahesh

Chief Financial Officer

Sd/-

S. Dwivedi

Director

Sd/-

Niraj Kumar Verma

MD & CEO

Sd/-

M. Bhuvaneshwari

Company Secretary



Notes to the financial statements for the year ended March 31, 2019 (All amounts in Indian Rupees, unless otherwise stated)

Note 1:

1.1 Company Overview

Agri Development Finance (Tamilnadu) ('ADFT' or 'the Company') was incorporated in India on Feb 14, 1997 as a public limited non government company. The Company commenced its operations on April 16, 1997. The name of the company was changed to 'NABKISAN Finance Limited' (NKFL) w.e.f. 18.09.2014, to expand its area of operation on a Pan India basis.

The Major Shareholder holding a controlling Interest of 82.51% in the company being NABARD which is a apex development bank and constituted in the form of statutory body by the Government of India for coordinating, monitoring rural development banks etc. Hence, Nabkisan was accordingly registered as a Non government Company under the Companies Act, 1956 since it did not satisfy the condition as per provisions of section 2(45) of the Companies Act, 2013 relating to definition of Government Company. Accordingly, all the provision of various acts as applicable to a Non government company shall apply for the preparation and presentation of financial statements.

As per Section 2(45) of the Companies Act, 2013, Government Company means any company in which not less than fifty one per cent. of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company;

The company has become Systematically Important Non-Banking Finance Company not accepting public deposit during the financial year 2018-19 engaged in the business of providing financial assistance to producer organisations, agriculture and allied activities to companies and also through PLFs/Trusts/Societies etc.

The company has altered the object clause in the memorandum of association by complying with the provisions of Companies Act, 2013.

1.2 Operational Outlook

The Company being a holder of the CoR granted by RBI u/s 45-IA of the RBI Act, 1934 is bound to and has complied with circular DNBS (PD) C.C. No.79/03.05.002/2006-07 dated Sept 21, 2006 regarding percentage of financial income to total income and financial asset to total asset at more than 50%. The Company's financial income is 97.45% of the gross income and its financial asset (loan asset) is 97.83% of the total assets.

As the company is a NBFC having standalone networth below Rs 250 crores, adoption and preparation of financial statements in accordance with the Indian Accounting Standard does not arise to the company. Hence, the company during the year has adopted Accounting Standards specified in companies accounting standard amendment rules 2016.



Note 2: Significant Accounting Policies

2.1 Basis for preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. Further, the Company follows the RBI Master Direction 2016 dated 01 September 2016(updated on 22.02.2019) issued for Non-Banking Financial Companies (NBFC-ND-SI). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the cash outflow and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

2.2 Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

2.3 Fixed Assets and Depreciation

- (i) Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use including dismantling costs arrived based on estimated value in accordance with Accounting Standard -10 Property, Plant & Equipment.
- (ii) Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written Down Value Method in accordance with Schedule II to the Companies Act, 2013.
- (iii) Pursuant to the requirement under Schedule II to the Companies Act, 2013, the company identified components (significant parts) of the main asset having different useful lives as compared to the main assets and determines cost of components significant to the total cost of the asset having useful life that is materially different from that of the remaining life. However, the management opines that the difference between the depreciation amount calculated on component basis and that being charged presently in the accounts does not have any material impact on the profit of the company and hence not recognized in the financial statements.
- (iv) As per the Management of the company acquisition of software for managing the transaction and operations of the company is less than 10 years and has been amortized over the said period in accordance with the Accounting Standard 28- Intangible Assets.
- (v) In case of sale/exchange of asset the profit or loss on sale /exchange has been recognized in the statement of profit and loss account. Accordingly, the company during the year has recognized the loss pertaining to buy-back of old computers (3 nos.) amounting to Rs. 3481/- in the financial statements.



2.4 Investments

During the financial Year 2018-19 the company has redeemed the Bhavishya Nirman Bonds issued by NABARD at Rs. 2,27,40,000/-. As the company recognized the Interest accrued on the bonds periodically every year accordingly no tax liability arised during the financial year.

2.5 Revenue Recognition

Income on Loan Transaction

Income on loan transactions is accounted on net outstanding amount and rate of interest that is accrued during the financial year, except that no income is recognised on non-performing assets as per the prudential norms for income recognition issued by the RBI Master Direction 2016 dated 01st September 2016(updated on 22.02.2019). Interest income on such assets is recognised on receipt basis. Income not recognized by the company in respect of Non Performing Assets upto 31st March 2019 and not considered in the accounts is Rs.26,96,468/- (Previous year Rs.12,72,441/-).

Upfront / processing fees collected and recognized on cash basis from the customer for processing loans are for appraisal, disbursement, monitoring of the project till the end of the account.

Income from current investment

Interest income on fixed deposits with banks are accounted / recognized on accrual basis.

2.6 Employee Benefits

The company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund though the provisions of Employee Provident Fund Act is not applicable to the employees of the company. Provision for Gratuity of staff is computed and provided in accordance with para 52 of Accounting Standard – 15.

The leave balance is classified as Short-term. The Short-term Leave Encashment liability for the expected leave to be encashed has been measured on actual components eligible for Leave Encashment and expected Short-term leave to be availed is valued based on the total cost to the Company.

The company is yet to devise a suitable plan for gratuity of employees of the company.

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

2.7 Re-finance from NABARD

The company has “Refinance” arrangements with NABARD, and the refinance is being availed by the company after disbursement of loan.

The “Refinance” arrangements are unsecured in nature and there was no default in repayment of loan installments and also interest. The following are the repayment terms:



Sl.No.	Rate of Interest	Out-standing no. of installments	Amount (Rs.)
1.	7.20%	56	46,54,45,000
2.	7.90%	33	41,84,35,000
3.	7.65%	30	38,62,50,000
4.	8.35%	6	3,55,00,000
5.	8.50%	13	16,83,33,333
6.	8.00%	43	56,80,33,329
7.	8.20%	18	27,70,73,400
8.	8.70%	25	64,82,50,001
9.	8.75%	15	28,33,33,333
10.	8.95%	33	103,20,00,000
11.	8.80%	42	109,00,00,000
12.	9.40%	9	10,12,50,000
13.	9.10%	10	16,66,66,667
		Total	5,64,05,70,063

The current maturities (payable within the period of 12 months) of “Refinance” commitments, are classified as Current Liabilities amounting to Rs.2,43,78,72,587/- and the remaining commitments are classified under Long term borrowing amounting to Rs.3,20,26,97,476/- (Note Ref 3.5& 3.3).

2.8 Taxation

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Current tax is the amount of tax payable on taxable income as per provisions of the Income Tax Act, 1961.

The company voluntarily adopted AS 22 in the financial statements. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The Provision made for Current Income Tax in the financial statements by the company are made at best estimate basis without considering the Impact of Income Computation & Disclosure Standards notified under the Income Tax Act for the computation of profits and gains of business or profession of the company due to which profits of the company are either understated or overstated to the extent of impact in the financial statements. But the management of the company claims that the taxation review will be done by their tax consultants and accordingly proper norms for tax computation will be adhered to by the company.

2.9 Impairment of Assets

At each Balance Sheet date, the Company reviews whether there is any indication of impairment of assets. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).



Recoverable amount of the asset is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flow expected from continuing use of the asset and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific to the asset.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased above the lower of recoverable amount and the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

2.10 Business Segment

There are no separate reportable segments as per accounting standard AS 17- "Segment Reporting" and consist mainly of "Financing Activity". The "Financing Activity" segment consists of asset financing, term loans, others etc.

2.11 Provisions and Contingencies

- (i) Provisions for Standard / Non Performing Assets and Doubtful Debts- The Company provides an allowance for loan receivables based on the prudential norms issued by the RBI Master Direction 2016 dated 01st September 2016(updated on 22.02.2019) for NBFC relating to income recognition, asset classification and provisioning for non-performing assets.
- (ii) Non-Performing Assets(NPAs) are identified and categorised according to the directions issued by the Reserve Bank of India (RBI). The company has made a provision of Rs.91,19,684/- (Previous Year Rs.43,36,194/-). The company has reversed the NPA provision to the tune of Rs. 55,18,512/- pertaining to Eerattil Poultry, Onamakulam PLF and REEDMAS. Provisions are made against sub standards and doubtful assets at the rate prescribed in the RBI guidelines.
- (iii) Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.
- (iv) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:
 - a. equitable mortgage of property and/or
 - b. hypothecation of assets and/or
 - c. company guarantees supported by assets and/or
 - d. decrrial debts where Courts have attached property.
- (v) Provision for Standard Assets is made at 0.40% of the outstanding standard assets based on RBI Master Direction 2016 dated 01 September 2016(updated on 22.02.2019).



2.12 Cash Flow Statements

- (i) Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Related Party Transaction

National Bank for Agriculture and Rural Development (NABARD) is the holding company with 82.51% of the paid up equity capital of the company. The following payments have been made / payable by the company to NABARD during the financial year 2018-19.

Amount in Rs.

Particulars	2018-2019	2017-2018
Office Rent (including Property & Sewage Tax, etc)	2,05,764	1,65,148
Professional Charges for staff deputed/posted	1,02,76,950	1,08,82,296
Interest on loan	33,05,16,565	24,44,93,852
Total	34,09,99,279	25,55,41,296

The professional charges include 100 % of expenses towards deputation of MD cum CEO, NABKISAN and 20% of pay and allowances and other payments made to officers/staff posted to NABKISAN.

Unsecured Loan

The company obtained refinance / interim finance from NABARD. The transaction during the year is as follows:

Amount in Rs.

Particulars	2018-2019	2017-2018
Opening Balance	3,71,33,80,995	2,37,93,53,332
Loan received during the year	3,74,79,00,000	2,50,19,59,000
Loan repaid during the year	1,82,07,10,932	1,16,79,31,337
Closing Balance	5,64,05,70,063	3,71,33,80,995
Interest paid/payable on above	33,05,16,565	24,44,93,852

2.14 Earnings per Share

Basic/Diluted earnings per share is calculated by dividing the net profit/loss for the year attributable to equity shareholders (after deducting attributable taxes) by the number of equity shares outstanding as at the end of the year. As there were no shares considered as dilutive, same denominator as applicable for Basic EPS has been used for computing the dilutive Earnings Per Share.

Particulars	2018-2019	2017-2018
(A) Profit for the year after taxation (in Rupees)	19,07,25,180	13,56,29,234
(B) Average number of equity shares of face value of Rs.10/- (in numbers).	8,68,54,450	5,77,24,350
(C) Basic & Diluted earnings per share (A/B) (in Rs.)	2.76	2.35



2.15 Provisions:

Provisions are recognised when there is present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made on the amount of the obligation.

Contingent liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

Contingent Assets: A contingent asset is neither recognised nor disclosed in the Financial Statements.

2.16 The Company during the Year has sanctioned advances in the form of loan to the tune of Rs.55,009.98 lakh to various institutions, Farmer Producer Organisation and other corporate etc. There were minor lapses in documentation of the advances given to borrower which were noticed in few cases, and the same has been resolved by the company at their end.

2.17 There are few cases before the various forums which are mentioned below, as per the management the outcome of the decision wont substantially affect the financial statements:

Name of the Forum	Parties Involved	Subject	Status
High Court	Eerattil Poultry & Agro farms Pvt. Ltd. and NABKISAN Finance Ltd.	Recovery of the outstanding balance of loan sanctioned to them.	Yet to be taken for trial.
High Court	Kiruba Chritable Trust and NABKISAN Finance Ltd.	Recovery of the outstanding balance of loan sanctioned to them	Yet to be taken for trial.

However, the company has entered into One time settlement scheme with Eerattil Poultry & Agro Farms Pvt. Ltd. during 2017-18 on the following terms & conditions.

In respect of the one time settlement (OTS) scheme for M/s. Eerattil Poultry & Agro Farms Pvt. Ltd., the board approved the OTS proposal accepting the One time settlement amount of Rs. 67.00 lakh, payable as under

- Rs. 30 lakh within 10 days of communication of acceptance of the OTS offered by NABKISAN, failing which the OTS stands withdrawn; and
- Balance amount of Rs. 37 lakh within six months from the date of communication of acceptance of the offer failing which simple interest @ 10% p.a. would be charged till the date of full and final settlement under the OTS scheme. The securities will be with NABKISAN till the amount is fully paid. Accordingly, as per the offer Rs. 39 lakh was remitted during the year 2017-18 and Rs. 13 lakh during 2018-19. The remaining balance of Rs. 15 lakh is outstanding in the financial as at 31.03.2019.

2.18 STATUTORY COMPLIANCE UNDER COMPANY'S ACT 2013

The Management of the Company has devised a policy for Corporate Social Responsibility, and the following are the disclosure for the financial year.

- Gross amount required to be spent by the company during the year Rs.26.47 lakh
- Amount Spent during the year Rs.15.45 lakh

The company has decided not to carry forward the unspent CSR amount of Rs.11,02,762/- of the year 2018-19 to the next financial year.



UNDER GST

1. Applicability of Reverse Charge Mechanism in GST not adhered for the various services under Reverse Charge
 - Legal Fees
 - Director Sitting fees
2. The Income recognized relating to Processing Fees on loans are not in line with the GST returns filed by the company every month periodically, as per the management it will reconciled and rectified in the GST annual returns to be filed on or before 30.06.2019.
3. The company has availed 100 % CENVAT credit on the inputs of the company which resulted in excess credit remaining in the financial statements. However, as per the provisions of GST relating to Input Tax Credit, the company can either avail proportionate credit relating to taxable service or avail 50% of the input credit of GST for the purpose of adjustment of GST output tax. Due to above reasons input credit availment will accordingly reduce to that extent of 50% and there might be GST payable on the output taxes by the company to GST authorities which could reduce the profits of the company and also liable for interest and penal consequences. It will be rectified in the GSTR 9 to be filed on or before 30.06.2019.

RBI DISCLOSURE REQUIREMENTS RELATING TO RBI DIRECTIONS POINTS

1. Capital Adequacy Ratio

Particulars	As at 31.03.2019	As at 31.03.2018
CRAR (%)	21.93	20.66
CRAR – Tier i capital (%)	20.68	19.41
CRAR – Tier ii capital (%)	1.25	1.25

2. Exposure to Real Estate Sector (both direct and indirect)

Category	Current Year (Rs. in crore)	Previous Year (Rs. in crore)
Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	42.16	31.80

3. Maturity Pattern of Asset and Liability

Particulars	Assets (Rs in Cr)		Liabilities (Rs in Cr)
	Advances	Investments	Borrowing from NABARD
Up to 1 month	19.54	3.55	Nil
Over one month to 2 months	22.56	--	Nil
Over 2 months to 3 months	25.89	--	Nil
Over 3 months to 6 months	73.98	--	121.89
Over 6 months to 1 year	145.98	--	121.89
Over 1 year to 3 years	339.58	--	306.22
Over 3 years to 5 years	86.25	--	14.05
Over 5 years	--	--	--
Total	717.78	3.55	565.05

4. Percentage of Loans against Gold Jewelry to Total Assets –Nil



5. Restructuring of Loans

During the Financial Year, the company has rescheduled one term loan of Nagai District Fisherman's Sangam Federation on account of natural calamity to one year and classified the same as Standard asset in accordance with the RBI norms for restructuring of accounts. No interest has been recognized for the moratorium period of loan.

6. Registration obtained from Financial Sector Regulators

Sl.No.	Regulator	Registration Number
1.	Ministry of Corporate Affairs	U65191TN1997PLC037525
2.	Reserve Bank of India	B-07.00712

7. Rating assigned by Credit Rating Agencies and Migration of Rating during the year – Nil

8. Penalties levied by any regulator – Nil

9. Information with regard to joint venture and overseas subsidiary – Nil

10. The following is the Movement of NPA as on 31.03.2019:

PARTICULARS	31.03.2019 Rs. in lakh	31.03.2018 Rs. in lakh
Opening balance of NPA	500.47	383.54
Add: NPA Addition during the Year	684.47	242.58
Less: NPA Collection during the Year	220.78	125.65
Closing balance of NPA	961.16	500.47
Gross NPA %	1.28	1.08
Net NPA %	1.05	0.86

2.19 As per the management of the company penal interest on the loans charged by the company does not attract GST as they are considered as transaction in money being interest, hence no GST is levied on the penal interest charged.

2.20 The company during the Financial Year 2018-19 raised the Share Capital through the Rights Issue to the existing shareholders for 2,91,30,100 at a premium of Rs 5.31 based on the book value of the company, accordingly complying with the provisions of act applicable for the issue of shares.

2.21 The Assessment Proceedings for the AY 2016-17(FY 2015-16) got completed by the Assessing officer during the financial year and nil order was issued to the company.

2.22 During the year, there has been claim by a shareholder from the unclaimed dividend accounts for the years 2015-16 & 2016-17 amounting to Rs.50 for each year.

2.23 There is balance outstanding in the over payment liability amounting to Rs.8,24,254/- which relates to amount received by the company from the borrower in excess of the periodical repayments which needs to be adjusted or refunded to the borrower.



2.24 The Company during the Financial Year has proposed to declare dividend at the rate of 5% of the paid capital of the company as on 31.03.2019 to the shareholders in the Annual General Meeting of the company for which the details of dividend and dividend distribution tax are disclosed in accordance with Accounting Standard -4 –Events Occurring After the Balance Sheet date:

PARTICULARS	AMOUNT
Proposed Dividend @ 5%	3,45,68,482/-
Dividend Distribution Tax	71,05,652/-

2.25 The company has collected the guarantee fund from the borrower amounting to Rs.13,67,465/-which is yet to be remitted to NABARD for the guarantee fees and shown as payable in the financial statements of the company.

As per our report of even date

for **V Senthilnathan & Co**
Chartered Accountants
Firm Reg No.003711S

Sd/-
M. Basheer
Partner
M.No. 200084
Mumbai, 30.04.19

For NABKISAN Finance Limited

Sd/-
R. Amalorpavanathan
Chairman

Sd/-
Ashok Kumar Yadav
Independent Director

Sd/-
Dr.K.S. Mahesh
Chief Financial Officer

Sd/-
S. Dwivedi
Director

Sd/-
Niraj Kumar Verma
MD & CEO

Sd/-
M. Bhuvanewari
Company Secretary



Accompanying notes to the financial statements for the year ended March 31, 2019

NOTE 3: Notes to the Balance Sheet

3.1 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Authorised Capital 10,00,00,000 equity shares of Rs.10/- each	1,00,00,00,000	1,00,00,00,000
Issued Capital 8,68,54,450 (Previous year 5,77,24,350) equity shares of Rs.10/- each, fully paid up	86,85,44,500	57,72,43,500
Subscribed and Paid up 8,68,54,450 (Previous year 5,77,24,350) equity shares of Rs.10/- each, fully paid up	86,85,44,500	57,72,43,500
	86,85,44,500	57,72,43,500

b. Shares held by holding / ultimate holding company and / or their subsidiaries / associates and details of shareholders holding more than 5% shares in the company:

Name of Shareholder	March 31, 2019		March 31, 2018	
	No of Equity Shares held	%	No of Equity Shares held	%
Shares Held By Holding Company				
National Bank for Agriculture and Rural Development	7,16,66,700	82.51%	4,66,66,700	80.84%
Shares Held By Others				
Govt. of Tamil Nadu	91,80,000	10.57%	54,00,000	9.35%
Indian Bank	30,00,000	3.45%	30,00,000	5.20%

c. Reconciliation of number of shares

Particulars	Equity Shares		Equity Shares	
	Number	₹	Number	₹
	As at 31.3.2019		As at 31.3.2018	
Shares outstanding at the beginning of the year	5,77,24,350	57,72,43,500	5,77,24,350	57,72,43,500
Shares Issued during the year	2,91,30,100	29,13,01,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	8,68,54,450	86,85,44,500	5,77,24,350	57,72,43,500



NOTE 3: Notes to the Balance Sheet

d. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back during the preceding five financial years - NIL

e. Terms & Rights attached to Equity Shares

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company has proposed a dividend @5% on the equity share during the year, in proportion to the period of holding.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

3.2 - RESERVES & SURPLUS

Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Surplus in Statement of Profit and Loss		
Opening Balance	23,05,34,161	15,55,34,035
Transfer from Profit & Loss Account	19,07,25,180	13,56,29,235
Amount available for appropriation	42,12,59,341	29,11,63,270
Less : Transfer to Reserve Fund 45-IC of RBI Act, 1934	3,81,45,036	2,71,25,847
Less : Dividend paid for the year 2017-18	2,88,62,175	2,78,36,422
Less : Dividend Distribution Tax	58,75,660	56,66,840
Balance as at the end of the year (A)	34,83,76,470	23,05,34,161
Special Reserve		
Opening Balance	7,60,64,110	4,89,38,263
Add: Transferred from Surplus to create Reserve Fund u/s 45-IC of RBI Act, 1934	3,81,45,036	2,71,25,847
Balance as at the end of the year (B)	11,42,09,146	7,60,64,110
Share Premium Reserve		
Opening Balance	-	-
Add: During the year 2018-19	15,46,80,831	-
Balance as at the end of the year (C)	15,46,80,831	-
TOTAL (D) = (A) + (B) + (C)	61,72,66,447	30,65,98,271

3.3 - LONG TERM BORROWING

Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Secured	-	-
Unsecured		
- Loan from NABARD	3,20,26,97,476	2,29,23,18,404
Total	3,20,26,97,476	2,29,23,18,404

3.4 - LONG-TERM PROVISIONS

Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Provision for employee benefits - Gratuity	17,36,979	15,69,959
Contingent Provision against Standard Assets (Refer Note i)	1,71,39,422	61,02,460
Provision for Non-Performing Assets (Refer Note ii)	1,73,01,694	1,37,00,522
Interest De-Recogn on Term Loan	26,96,468	12,72,441
Subsidy Reserve Fund (Refer Note iii)	28,07,475	28,07,475
Total	4,16,82,038	2,54,52,857



NOTE 3: Notes to the Balance Sheet

<p>Notes:</p> <p>i) During the year, the company has made a general provision at the rate of 0.40% on the standard assets based on RBI Master Direction-NBFC - Non Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016 dated 01.09.2016 (updated as on 22.02.2019).</p> <p>ii) In accordance with the Guidelines issued by the RBI, the company has made a provision for Non Performing Assets (NPA). The details of movement in provision are as follows:</p>		
Movement in Provision for Non-Performing Assets		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Opening Balance	1,37,00,522	93,64,328
Add : Provision made during the year	91,19,684	43,36,194
Add : Provision utilised from Contingences	-	-
Less : Provision reversed during the year	55,18,512	-
Closing Balance	1,73,01,694	1,37,00,522
<p>iii) Subsidy reserve fund represents amount received from NABARD under "Capital Investment Subsidy Scheme for Commercial Production Units for Organic / biological Inputs" in favour of M/s. Valarsara Eco Tech India Private Limited. The amount received is a backended subsidy and will be adusted against last installment/s.</p>		
Sudsidy Reserve Fund	2018-2019 ₹	2017-2018 ₹
Opening Balance	28,07,475	-
Add : Subsidy during the year	-	28,07,475
Less : Subsidy Adjusted	-	-
Closing Balance	28,07,475	28,07,475
3.5 - OTHER CURRENT LIABILITIES		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Current maturities of Long-term debt	2,43,78,72,587	1,42,10,62,591
Interest accrued but not due on borrowings	6,71,19,830	4,57,64,566
Others		
- Outstanding Expenses	24,82,441	6,45,296
- Withholding Taxes	20,20,574	14,29,082
Total	2,50,94,95,432	1,46,89,01,535



NOTE 3: Notes to the Balance Sheet

3.6 - SHORT TERM PROVISIONS		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Provisions for employee benefit		
- Leave Encashment	1,47,088	1,43,293
Others		
- Contingent Provision against Standard Assets	1,11,87,448	50,96,167
- Provision for Income Tax	8,46,14,500	5,73,49,120
- Unclaimed Dividend 2015-16	11,225	11,325
- Unclaimed Dividend 2016-17	11,225	11,325
- Unclaimed Dividend 2017-18	11,275	-
- Guarantee Fee Payable	13,67,465	9,24,277
Total	9,73,50,226	6,35,35,507
3.8 - NON CURRENT INVESTMENTS		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Investment at Cost in Bhavishya Nirman Bonds issued by NABARD (Face Value - Rs.8500 per Bond)	-	96,64,500
	-	96,64,500
3.9 - LONG TERM LOANS AND ADVANCES		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
(a) Secured, Considered good:	4,28,48,55,479	2,42,85,00,998
(b) Secured, Considered doubtful:	4,44,43,408	3,24,42,148
(c) Unsecured, Considered good:	-	1,24,82,896
	4,32,92,98,887	2,47,34,26,042



NOTE 3: Notes to the Balance Sheet

3.10 - DEFERRED TAX ASSET (NET)		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Deferred tax Asset / Liabilities at the beginning of the year	1,25,691	3,953
Add / Less: Adjustments during the year	60,992	1,29,644
Deferred tax Asset / Liabilities at the end of the year	1,86,683	1,25,691
3.11 - OTHER NON-CURRENT ASSETS		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Unsecured, considered Good		
(a) Income accrued on Investments (Bhavishya Nirman Bonds)	-	1,21,16,962
(b) Advance Income Tax (net of provisions)	9,84,28,537	7,38,77,842
(c) Unamortized Expenses	7,50,000	7,50,000
	-	
	9,91,78,537	8,67,44,804
<p>Note :</p> <p>No TDS is deducted on NABARD Bonds interest.</p> <p>Unamortized Expenses - An amount of Rs.37.50 lakh was paid to Registrar of Companies towards increase of authorised share capital of which one-fifth i.e Rs.7.50 lakh considered as expenditure during the year. The remaining amount of Rs.7.50 lakh was classified as non-current asset based on the provisions of Schedule III of the Companies Act, 2013</p>		
3.12 - CASH AND CASH EQUIVALENTS		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Balances with Banks		
- In Current Account		
Indian Overseas Bank	21,23,672	6,39,19,271
Axis Bank	2,65,699	2,10,268
HDFC Bank	1,58,71,938	-
Unclaimed Dividend A/c with IOB - 2015-16	11,225	11,231
Unclaimed Dividend A/c with IOB - 2016-17	11,225	11,307
Unclaimed Dividend A/c with HDFC - 2017-18	11,275	-
- In Deposit Account	3,55,00,000	3,50,00,000
Cash on Hand	3,729	140
	5,37,98,763	9,91,52,217
Deposits with Original maturity for more than 12 months	-	-
Deposits with Original maturity for more than 3 months but less than 12 months	-	-
Deposits with Original maturity for less than 3 months	3,55,00,000	6,99,80,000



NOTE 3: Notes to the Balance Sheet

3.13 - SHORT-TERM LOANS AND ADVANCES		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Credit Facilities		
a) Secured considered good	2,78,43,97,622	1,95,51,46,455
b) Secured, Considered Doubtful	5,16,73,080	1,76,04,841
c) Unsecured, considered good	1,24,64,315	8,33,20,303
Other Loans and Advances		
Deposits & Prepaid Expenses	40,796	3,78,960
	2,84,85,75,813	2,05,64,50,559
<p>Note: 3.13 (Credit Facilities) All loans under (a) and (b) are secured by way of specific charge on receivable and other assets created out of the proceeds of the loan. The loans under (c) viz. Disha is unsecured. The charge created on the assets of the said company was released on their obtaining small banking licence from RBI.</p>		
3.14 - OTHER CURRENT ASSETS		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Income accrued on Fixed Deposits	12,158	5,034
Income accrued on Term Loan	54,36,205	51,81,314
Input credit on GST	-	17,08,526
Unamortized Expenses	-	7,50,000
	54,48,363	76,44,874



(Amt. in Rupees)

Note 3.7 - Fixed Assets

Year	Particulars	Tangible Assets					Total	Intangible Assets	Grand Total
		Furniture	Office Equipments	Computers	Com. (Networks)	Software			
2017-18	GROSS BLOCK								
	As at 01 April 2017	5,40,527	1,69,565	7,21,399	25,785	17,750	14,57,276	14,75,026	
	Additions	-	-	-	-	12,83,950	-	12,83,950	
	Disposals / Adjustments	-	-	-	-	17,750	-	17,750	
	As at 31 March 2018	5,40,527	1,69,565	7,21,399	25,785	12,83,950	14,57,276	27,41,226	
2018-19	As at 01 April 2018	5,40,527	1,69,565	7,21,399	25,785	12,83,950	14,57,276	27,41,226	
	Additions	-	-	2,16,061	-	-	2,16,061	2,16,061	
	Disposals / Adjustments	-	-	99,615	-	-	99,615	99,615	
	As at 31 March 2019	5,40,527	1,69,565	8,37,845	25,785	12,83,950	15,73,722	28,57,672	
2017-18	DEPRECIATION								
	As at 01 April 2017	4,92,879	1,02,882	5,22,746	17,646	16,863	11,36,153	11,53,016	
	Charge for the year	6,182	28,538	1,12,966	5,141	6,10,861	1,52,827	7,63,688	
	Disposals	-	-	-	-	16,863	-	16,863	
	As at 31 March 2018	4,99,061	1,31,420	6,35,712	22,787	6,10,861	12,88,980	18,99,841	
2018-19	As at 01 April 2018	4,99,061	1,31,420	6,35,712	22,787	6,10,861	12,88,980	18,99,841	
	Charge for the year	4,582	15,675	56,303	1,709	4,25,123	78,269	5,03,392	
	Disposals	-	-	94,634	-	-	94,634	94,634	
	As at 31 March 2019	5,03,643	1,47,095	5,97,381	24,496	10,35,984	12,72,615	23,08,599	
	NET BLOCK								
	As at 31 March 2018	41,466	38,145	85,687	2,998	6,73,090	1,68,296	8,41,386	
	As at 31 March 2019	36,884	22,470	2,40,464	1,289	2,47,966	3,01,107	5,49,073	



NOTE 4: Notes to the Statement of Profit and Loss

4.1 - REVENUE FROM OPERATIONS		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Interest	61,19,06,929	44,98,40,035
Processing Fee	2,99,06,015	1,49,36,780
	64,18,12,944	46,47,76,815
4.2 - OTHER INCOME		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Interest on		
- Term Deposit	1,02,90,121	33,85,962
- Investment	9,58,538	17,86,254
Reversal of NPA Provisions	55,18,512	-
Misc. Income	570	715
	1,67,67,741	51,72,931
4.3 - Finance Costs		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Interest on NABARD		
- Refinance term loans	33,05,16,565	24,44,93,852
	33,05,16,565	24,44,93,852
4.4 - Employee Benefit Expenses		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Salaries & Allowances	66,95,108	56,38,387
Contribution to Welfare Fund	2,38,987	4,70,567
Staff Welfare Expenses	1,35,496	2,14,836
	70,69,591	63,23,790



4.5 - General & Administrative Expenses		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Communication charges	1,01,173	90,786
Insurance	6,840	6,840
Legal and professional & consultancy fees	11,29,966	11,13,664
Professional Charges - NABARD Dep. Staff	1,02,76,950	1,08,82,296
Statutory Audit Fee	1,00,000	1,00,000
Audit Fee - Others	25,000	25,000
Tax Audit Fee	12,500	12,500
Printing and Stationary	6,14,549	3,02,483
Rent	2,05,764	1,65,148
Rates and taxes	11,52,244	8,17,061
Travel & conveyance	18,37,438	19,52,280
Repairs and maintenance	3,33,845	3,23,160
Office expenses	1,96,190	2,27,068
CSR expenses	15,45,000	10,81,000
Administration expenses	7,43,278	4,77,385
Loss on fixed assets	3,481	887
Corporation Tax	4,500	17,000
	1,82,88,717	1,75,94,558
4.6 - Provisions and Contingencies		
Particulars	March 31, 2019 ₹	March 31, 2018 ₹
Provision for NPA	91,19,684	43,36,194
Provisions for Standard Assets	1,71,28,243	35,88,954
	2,62,47,927	79,25,148



Cash Flow Statement for the year ended March 31, 2019

Particulars	March 31, 2019		March 31, 2018	
	₹		₹	
Cash Flow from Operating Activities				
Net Profit before taxation and extraordinary items		27,59,54,493		19,28,48,711
Adjustment for:				
Interest Income	(1,12,48,659)		(51,72,216)	
Provision for NPA	36,01,172		43,36,194	
Depreciation	5,03,392		7,63,688	
Loss on Fixed Assets	3,481	(71,40,613)	887	(71,448)
Operating profit before working capital changes		26,88,13,880		19,27,77,263
Adjustment for:				
Increase / (Decrease) in Secured Advances	(2,64,83,36,263)		(1,44,72,74,156)	
Increase in Advances & Deposits recoverable in cash or kind	(2,34,558)		(3,42,72,780)	
Increase / (Decrease) in current liability & provisions	98,06,05,702		66,25,89,790	
		(1,66,79,65,119)		(81,89,57,145)
Cash generated from Operations		(1,39,91,51,239)		(62,61,79,881)
Direct Taxes paid (net of refunds)		(8,52,90,306)		(5,73,49,120)
Extraordinary item		-		-
Net Cash from Operating Activities		(1,48,44,41,545)		(68,35,29,001)
Cash flow from Investing activities				
Purchase of Fixed Assets	(2,16,061)		(12,83,950)	
Sale of Fixed Assets	1,500		-	
Interest Income	1,12,48,659		51,72,216	
Net Cash flow investing activities		1,10,34,098		38,88,266
Cash flow from Financing Activities				
Increase in Share capital		44,59,81,831		-
Proposed dividend and tax paid		(3,47,37,835)		(3,35,03,262)
Increase in Long term Debt		1,01,68,09,996		72,02,35,920
Net cash from Financing Activities		1,42,80,53,992		68,67,32,658
Net increase in cash and cash equivalents		(4,53,53,454)		70,91,923
Cash and cash equivalent at beginning of the year		9,91,52,217		9,20,60,294
Cash and cash equivalent at end of the year		5,37,98,763		9,91,52,217

Vide our report of even date

For NABKISAN Finance Limited

for **V Senthilnathan & Co**
Chartered Accountants
Firm Reg No.003711S

Sd/-
M. Basheer
Partner
M.No. 200084
Mumbai, 30.04.19

Sd/-
R. Amalorpavanathan
Chairman

Sd/-
Ashok Kumar Yadav
Independent Director

Sd/-
Dr.K.S. Mahesh
Chief Financial Officer

Sd/-
S. Dwivedi
Director

Sd/-
Niraj Kumar Verma
MD & CEO

Sd/-
M. Bhuvaneshwari
Company Secretary



ATTENDANCE SLIP
(To be presented at the entrance)

22nd Annual General Meeting at the Conference Hall of NABARD, Tamil Nadu Regional Office (2nd Floor), New No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

Folio No.....

Name of the Share Holder :.....

Signature :

Only shareholders / proxies / representatives are allowed to attend the meeting.

NABKISAN FINANCE LIMITED
PROXY FORM

I / We.....of..... in the district ofbeing a member (s) of the above named NBFC, hereby appoint Shri..... of in the district of or failing which Shri..... of..... in the district of as my / our proxy to attend and vote for me / us and on my / our behalf at the 22nd Annual General Meeting of NABKISAN Finance Limited to be held on 23rd day of September 2019.

Ledger No.:.....

No. of Shares Held

Signed this day of September 2019.

Signature

(affix 1 Re.
Revenue
Stamp)





Board Meeting chaired by Shri R. Amalorpavanathan, Chairman, NABKISAN



Welcoming Shri Alok Bhargava as independent director



Welcoming Shri Arindom Datta as independent director



Welcoming Ms Vijayalaxmi Das as independent director





Farewell function of Shri R Amalorpavanathan, Chairman, NABKISAN



Welcoming Shri Avinash Srivastava as NABKISAN Director



Our Clients... Producer Organisations



Swaroop Shetkari Farmer Producer Company, Aurangabad, Maharashtra



Arogya Millets Farmer Producer Company, Vijaynagaram, Andhra Pradesh



Karjun Vibhag Bagayat Sahakari Mandali Limited, Gujarat



Kanjamalai Textile Weavers' Producer Company, Salem, Tamil Nadu

22nd ANNUAL REPORT

2018-19



NABKISAN FINANCE LIMITED
(A Subsidiary of NABARD)